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NEWS SUMMARY

GENERAL

Pakistan puts off poll plans

Pakistan's President Zia-ul Haq appeared to have abandoned his plans to transfer power to a civilian Government by announcing that general elections, scheduled for November 17, had been postponed indefinitely.

He also said that all political parties and political activities had been banned and said that all newspapers would be "policing" that all newspapers were ... the atmosphere ... "Martial law ... be forbidden. ... hereafter will be ... martial law should be," he ...

His decision is believed to have been prompted by an assessment that the Pakistan People's Party of the late Mr. Zulfikar Ali Bhutto would have won a majority at the elections.

Lamb dispute

The seven other EEC countries and the EEC Commission announced support for Britain in its dispute with France over lamb and mutton imports. In the deepening crisis over fishing rights in the Channel M. Joel le Theule, the French Transport Minister, has called for a meeting with Sir Reginald Hibbert, the British Ambassador to France. Back Page

Dissident jailed

China's leading dissident intellectual Wei Jingsheng, formerly chief editor of the underground newspaper Explorations, was jailed for 15 years after being found guilty of counter-revolutionary crimes and having supplied military intelligence to a foreigner. Page 4

Demirel's turn

Mr. Suleyman Demirel, leader of Turkey's Justice Party, is expected to be asked today to form a new government after the resignation of Premier Bulent Ecevit. Page 3

Brezhnev cable

Soviet leader Leonid Brezhnev has sent telegrams to Mrs. Thatcher and West German Chancellor Helmut Schmidt elaborating on his offer to cut troops and tanks in central Europe. Page 3

Nobel winners

The 1979 Nobel Prize for economics has been awarded jointly to Prof. Theodore Schultz of the U.S. and Prof. Sir Arthur Lewis of the West Indies for pioneering studies into the problems of developing nations.

Carter boost

One of the U.S.'s most powerful mayors, Jane Byrne of Chicago, has pledged support for President Carter and criticised Senator Edward Kennedy's expected bid to force him out of the White House.

California quake

One person was killed and at least 70 injured in southern Californias worst earthquake for 40 years. Its centre was at Calexico, just north of the Mexican border but the effects of the quake, measuring 6.4 on the Richter scale, were felt as far north as Los Angeles.

Financial Times

The Financial Times apologises to readers in the London area who may not have received their copy yesterday. This was due to mechanical problems and an industrial dispute.

Briefly . . .

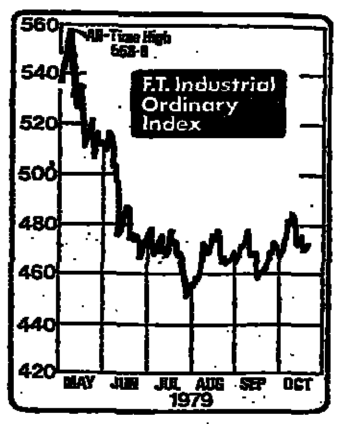
Israeli troops blew up three houses in the Gaza Strip belonging to residents accused of killing an Israeli soldier.

One person was killed when police opened fire on a crowd which atacked a police station in the western Indian city of Ahmedabad.

BUSINESS

Equities up 4.5; Gilts firm

● EQUITIES were unsettled with interest centering on special situations, and the FT Ordinary Index rallied at the close to 4.5 points up at 472.5.



● GILTS were firm with gains among shorts. The Government Securities Index closed 0.19 up at 71.07.

● STERLING fell 25 points to \$2.1530 and its trade-weighted index rose to 68.9 (68.8). The dollar rose to 85.9 from 85.6.

● GOLD fell \$9 to \$391½ in London.

● WALL STREET was 2.39 up at 833.45 just before the close.

● JAPAN sustained the largest half-year current account deficit in its history in the six months ended last month as a result of soaring oil and timber prices. There is little sign of improvement in the near future. The continued deterioration of the Japanese trade account is expected to put further pressure on the Yen, which dropped more than Y2.5 to Y231.70 against the dollar, its lowest for nine months.

● NEW CHIEF Economic 35-year-old Terry Burns of the London Business School.

● CHAIRMEN of nationalised industries will be told by the Government that they should plan wage rises this winter well below the 17½ per cent increase expected in the retail price index by the end of the year. Back Page

● NEB CHAIRMAN has said that Rolls-Royce should adopt more stringent application of financial disciplines, especially regarding future State funding of its aero-engine programme. Back Page. NEB profits, Page 24

● EUROPEAN COMMISSION is *examining measures to curb the* flow of man-made fibres and petrochemical feedstocks into the EEC from the U.S. (Back Page).

● MARKS & SPENCER first half pre-tax profits rose from £72.9m to £76.86 on sales up from £688.19m to £766.8m. Page 22 and Lex

● FURNESS WITHY Group pretax profits for the first half of 1979 fell from £5.75m to £901,000 on turnover down from £95.3m to £92.3m. Page 22

LABOUR

● AUEW executive has decided to go over the heads of shop stewards and recommend strikers at Chrysler's Stoke engine plant to return to work. Back Page

● CONFEDERATION of Shipbuilding and Engineering UPnions executive agreed last night to recommend the Edwardes plan for plant closures and job cuts at BL in a ballot of the workforce. BL "on the precipice," Page 9

● SINGER shop stewards have decided not to resist the closure of the Clydebank plant but to press for the best redundancy terms for the 3,000 workers who will lose their jobs. Page 12

Thorn launches seven-for-20 share offer for EMI

BY CHRISTINE MOIR AND JOHN LLOYD

THORN Electrical Industries, the UK's biggest television rental group, has decided to grapple with the music and medical electronics problems of EMI. It announced a seven-for-20 share offer for the group yesterday which valued EMI by the end of the day at £144.3m or 130p a share.

Before the bid was announced, EMI's shares stood at 95p. After it, Thorn's began to tumble, and ended 38p down at 372p.

Sir Richard Cave, Thorn's chairman, said that the chief reasons for the bid were that EMI's record and music business would complement Thorn's manufacture and marketing of televisions and other video and audio products; and that EMI's defence division would give Thorn added strength in high technology.

The future of EMI's medical electronics division is clouded. Sir Richard would say only that it "would need to be given special consideration."

Thorn hopes for an agreed merger, but so far EMI has replied by asking shareholders to hold tight until a board meeting this week.

The offer will also need to be approved by Thorn's shareholders under Stock Exchange rules governing large acquisitions.

In the year to March, Thorn made profits of £118m on a turnover of £1.2bn. EMI's turnover to June was £870m, but profits collapsed by 58 per cent from the previous year to only £10.8m. No final dividend was paid.

The difficulties arose in the medical scanner business, which has lost £26m in the past two years, and in the sudden collapse of the worldwide music business, which lost £14.6m in the second half.

City analysts are questioning Thorn's wisdom in trying to take on those struggles when its own television manufacturing business, as well as the domestic appliances areas, are suffering difficult trading conditions.

As in so many recent large bids, the institutions will play the decisive role. Insurance companies, pension funds, banks and nominees control 74 per cent of Thorn. EMI's institutional *shareholdings, in spite of* sales in the past year, sill amount to three-fifths of the equity.

Both sets of advisers—Hambros for Thorn and Lazards for EMI—are also aware that Thorn is not the only potential bidder. Philips, Racal and GEC have all been mentioned as possible contenders.

Continued Back Page

THORN'S BID for EMI is the first for a company listed on the London traded options market. The London Options Clearing House reacted by demanding £35,000 cash in an hour from two broking firms. Cash deposits are required by the clearing house when a stockbroker's client sells the right to buy shares that he does not own. The extra margin required on EMI contracts was demanded at 1.40 pm for payment at 2.40 pm.

BP sale scaled down to 5%

By Nicholas Colchester and Philip Rawstorne

THE BRITISH Government has scaled down its planned sale of shares in British Petroleum to 5 per cent of the share capital. The Treasury announced this last night in a statement explaining how the Government would raise £1bn in this financial year by selling Government assets.

The Treasury said that the BP sale would raise £200m to £300m. The BP share price moved sharply upwards yesterday by 30p to 362p on the news that less stock was to be offered. At this level, 5 per cent of the company would sell for £280m.

The Government's proposals came under furious attack from Labour leaders last night. Dr. David Owen, Shadow Energy Secretary, said he intended to ask the Stock Exchange Council to rule whether the sale of BP shares was a breach of its own regulations. "I believe the sale *of the Government's holding is* not in the interests of the shareholders in general," Dr. Owen said.

No details on the timing, mechanics or price of the sale were given yesterday. The shares in BP will come from the Government's direct holding, which will be reduced by the sale to 25.9 per cent. Together with the holding of the Bank of England, which will not be affected, the Government will control about 46 per cent of BP after the disposal.

The balance of the £1bn will be raised through the advance sale of crude oil from the British National Oil Corporation, which will raise between £400m and £500m, the sale of new town assets and public sector land worth £100m to £150m, and the sale of various holdings of the National Enterprise Board for £100m-£150m.

When Sir Geoffrey Howe, the Chancellor, announced his plans to sell assets in his Budget speech on June 12, he said that the biggest contribution to the total of £1bn would be derived from the BP sale.

The amount now to be raised by the advance sale of BNOC's oil has reduced the required size of the BP disposal. This disposal had been viewed with some concern in Government circles, because of its strategic implications and because of lingering doubts about the future of the Bank of England's holding which it received from Burmah Oil. These may have suggested that it would be unwise to allow the Government's own holding to fall below 25 per cent.

Front softens stand against constitution

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE PATRIOTIC FRONT guerrilla alliance retreated last night from its hard-line opposition to the British draft constitution for Rhodesia, which has held up deliberations at the Lancaster House talks for the past 10 days.

Responding to Britain's decision on Monday to continue the conference without it the Front effectively withdrew all but one of its reservations to the draft document.

In doing so it appeared to be preparing the way for its return to the full conference deliberations.

In a statement which could be the first step toward its *acceptance of the constitution* the Front declared that it was "seeking clarification" of British proposals for land re-settlement and compensation of white farmers.

"As far as we are concerned negotiations will continue. We will move on to discuss the transition as soon as the question of land and compensation is clarified."

There was some doubt last night as to whether the Front was raising the land issue as a matter of substance, in which case its demands could still cause considerable difficulty, or had asked for clarification to save face before giving way to Lord Carrington, the Foreign Secretary.

Lord Carrington apparently believes that the Front will agree to his terms and accept the constitution "subject only to the negotiation of satisfactory arrangements for its implementation."

The Foreign Secretary's spokesman was at pains to say that at the afternoon's bilateral meeting with the Salisbury delegation there were only "preliminary discussions" of the next agenda item, elections under the new constitution, and that "no decisions were taken."

The conciliatory tone by Britain was in marked contrast to the schoolmasterly approach of the Foreign Secretary on Monday, when he announced the decision to exclude the Front from the conference until it accepted the constitution.

These marked changes in *attitude on both sides under*line the delicate "poker game" aspect of the conference and the very real pressures operating on each side to reach a compromise.

Clearly Lord Carrington did not like the criticism of his tactics by Mr. Shridath Ramphal, the Commonwealth Secretary-General, who said on Monday that the Foreign Secretary was acting according to neither the spirit nor the letter of the Lusaka summit agreement. The two men met yesterday.

The Front has been influenced by the front-line African States, which while supporting its position in many respects remain insistent that the conference must not break down over the constitution.

President Nyerere of Tanzania has summoned his four front-line colleagues to an emergency meeting in Dar-es-Salaam today.

Whites against Land Plan Page 4

North Sea oil boost fails to prevent UK deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK remains in deficit on the current account of its balance of payments in spite of a big rise in North Sea oil output, which produced a surplus on trade last month for the first time.

The current account deficit in September was £100m, the same as in the previous month. But this was after a £132m improvement on the oil account to a surplus of £9m during the month.

The engineering strikes apparently had little impact on the figures.

The deficit in the last few months has been considerably lower than in the first few months of the year but the outcome for this year as a whole seems likely to be much worse than expected as recently as the mid-June Budget.

The average deficit in the July-to-September quarter was £100m a month, compared with about £400m a month in the *first half of 1979.*

There was a particularly sharp rise in exports in the third quarter. Volume was 8½ per cent up compared with the average first-half level, which was 2 per cent down on the previous six months.

The recent rise mainly represents a recovery from the depressed conditions of the first half, when shipments were reduced by difficulties in Iran and Nigeria, and by the road haulage dispute.

Sales to Nigeria rose by 60 per cent in the third quarter, while exports to Iran were 40 per cent up, compared with an average rise in value of overseas sales of 14 per cent.

The rate of growth of imports, particularly of finished *manufactured goods, appears to* have slackened compared with earlier in the year.

Volume was 1½ per cent up in the third quarter, following an 11 per cent rise in the first half. There was a reduction in imports of cars from the high *levels of the early summer.*

Nevertheless, the overall picture is disappointing, with a cumulative deficit of £2.5bn for the first nine months of the year, after a surplus of £1bn for the whole of 1978.

Consequently the Budget projection of a £750m deficit for 1979 as a whole looks unlikely to be achieved. Most economic forecasters expect the current account to remain in deficit during most of 1980.

The only positive feature this year has been a narrowing in the oil deficit from a quarterly average of £500m in 1978 to £200m this year.

Otherwise, there has been a deterioration in non-oil trade and in invisibles. It is estimated that there is neither a surplus nor a deficit on invisibles.

Although private-sector earnings of, for example, City institutions are still rising, this has been offset by higher EEC contributions and North Sea profit payments abroad.

Table Page 10; Editorial Comment Page 20

Tonight is deadline for The Times' future

BY CHRISTIAN TYLER, LABOUR EDITOR

A DEADLINE of tonight for the success of crucial negotiations with The Times' main craft union, the National Graphical Association, was formally set yesterday.

If those talks fail, the Boards of Times Newspapers and of its parent company, Thomson British Holdings, will meet tomorrow to decide the fate of The Times, The Sunday Times and their supplements.

The decision would be conveyed to a meeting of all the print union general secretaries which the company has called for Friday afternoon in the Grays Inn Road building of The Times.

Three directors on business in the U.S. will be flying back, and a number of the independent directors of Times Newspapers—created when Thomson took over in 1966—may also be present. Their role is to safeguard the papers' editorial independence.

In spite of the mounting tension after 18 months of dispute and 10 months of non-publication, there was no sign last night that the negotiations.

Continued Back Page

£ in New York

	Oct. 15	Previous
Spot	\$2.1540-1550	\$2.1550-2.1570
1 month	0.12-0.17pm	0.50-0.35 pm
3 months	0.37-0.32pm	0.42-0.47 pm
12 months	0.13-0.28pm	0.30-0.30 pm

Midland unable to sell whole stake in Standard Chartered

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BROKERS for Midland Bank failed yesterday to arrange a sale of the whole of the bank's 16 per cent stake in the Standard Chartered Bank group. Cazenove, the brokers, placed about three-quarters of the Midland stake, raising £47m, at a price of 470p a share.

Cazenove said last night that its brief from Midland was to dispose of the whole of the Standard Chartered stake—or at least to sell sufficient to leave Midland with an interest of less than 5 per cent in the international banking group.

Midland has been left with 3.7m shares, or a 4.3 per cent holding. Since this is below 5 per cent, Midland will not run into trouble with the U.S. banking regulatory authorities in connection with its proposed £242m acquisition of the Walter E. Heller financial conglomerate.

The disposal of the Standard Chartered stake has long been regarded as a prerequisite to Midland being allowed to complete the Heller deal.

Mr. Malcolm Wilcox, one of Midland's two chief general managers, said last night that the retention of a *substantial* shareholding in Standard Chartered was likely "to be inconsistent" with the way Midland saw its international strategy developing.

Cazanove conducted the share placing on an extensive international basis. Standard Chartered shares were placed in Hong Kong, Australia, the U.S., Europe, and in the Middle East.

The scale of the exercise—even for such an accomplished stockmarket operator as Cazenove—was such that in the end it was judged virtually impossible to place much more than 10m of the 13.8m shares on offer. U.S. fund managers, for example, had only 2½ hours to come in on the deal.

Midland has returned to the position it was in before 1975 with Standard Chartered. Then *it increased its holding in the* UK-based international banking group through the acquisition of an 11.9 per cent holding from Chase Manhattan.

The reduction in Midland's holding means that it will no longer be able to consolidate a proportionate share of Standard Chartered's profits. On this basis, Midland's pre-tax profits for 1978 would have been about £20m lower than the £231.4m actually reported.

Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchequ. 12¼pc 81	£100	+	⅛
Treas. 11¾pc 03-07	£93¾	+	½
Bailey (Ben)	21	+	5
Baird (Wm.)	163	+	7
EMI	127	+	32
Graig Shipping	675	+	75
Lawrence (W.)	91	+	4
Savoy A	107	+	12
Sunley (B.)	582	+	19
BP	362	+	30
Burmah Oil	169	+	5
Oil Exploration	508	+	30
Shell Transport	360	+	14
Tricentrol	252	+	10
Ultramar	364	+	14

FALLS

Aberthaw Cement	116	—	4
British Home Stores	241	—	7
Davenports' Brwry.	134	—	4
Electrocomponents	465	—	18
Furness Withy	244	—	16
Grattan Warehouses	126	—	18
Hambros Bank	325	—	18
Highland Distilleries	97	—	4
Kode International	240	—	7
Lloyds Bank	305	—	7
Manchester Liners	220	—	10
Muirhead	250	—	10
Newarthill	220	—	12
Oxley Printing	55	—	3
Peters Stores	62	—	4
Raybeck	99	—	4
Standard Chartered	483	—	16
Steel Bros.	163	—	5
Thorn Elect.	372	—	38
Unitech	226	—	10
Zenith Carburetter	72	—	3
RTZ	299	—	9
Selection Trust	534	—	12

CONTENTS

For latest Share Index phone 01-246 8026

Timely Olympic boost for Switzerland

The watch industry in Switzerland has come under growing pressure in recent years from Japanese and other Far Eastern manufacturers, writes John Wicks in Zurich. And although timing the Olympics, which calls for costly advanced electronics, has long ceased to be profitable, Swiss watchmakers could well do with the fillip the Games will bring.

DURING NEXT year's Olympic Games in Moscow and Lake Placid, millions of television viewers all over the world will again see the words "Swiss timing" repeatedly flash on to their screens.

Already, the Swiss watch companies involved are running large international advertising campaigns proclaiming their role as official time-keepers.

Swiss companies can do with the Olympic prestige. The industry has come under pressure in recent years from cheaper Japanese and other Far East manufacturers.

Switzerland's watchmakers have been employed for the timing of all Summer Olympics since 1920 and all winter Olympics since 1936—with the exception of those held in Japan—as well as a long list of regional games, world championships and individual record attempts.

This kind of activity has long ceased to be profitable since time-keeping has been out of the stopwatch phase for almost half a century. It now calls for some pretty costly advanced electronics.

The increased costs have meant that no one Swiss company now gets the Kudos. It is shared among a number of Swiss concerns, as well as some West German ones.

By the Mexico City games of 1968, Omega, which for decades had been the biggest name in Olympic time-keeping, was feeling the expense. Four years later, in Munich, it co-operated with the West German Junghans concern and with its arch-rival Longines.

The two Swiss companies, which had already collaborated in a smaller way in the Innsbruck winter events of 1964, realised the advantages of co-ordinating their efforts in this field and gained the wholehearted support of the Federation of Swiss Watch Manufacturers (Fédération Horlogère). The Federation had for years been looking for new ways to show the flag abroad.

In July 1972, this led to the creation of Swiss Timing Ltd in the watch making area of Bienne. The idea was for a number of projects for prestige time keeping in the field of sport. Apart from the advantages of collaboration in terms of research and know-how, the financial pressure on individual watch companies was relieved.

Contributions to Swiss Timing have come from trade bodies, including the Fédération Horlogère, as well as from the Federal Government, the authorities of the Canton of Berne and the City of Bienne and private enterprises like Swissair, the La Neuchateloise Insurance Company and some banks.

Spreading the cost is important. Swiss Timing's expenditure on the 1976 games in Montreal and Innsbruck alone amounted to between SwFr 10m and SwFr 12m (£3m to £3.6m). This included special research and development efforts in the four years preceding the Olympics.

Although it is difficult to compute exactly the advantages of involvement in Olympic timing, there is little doubt that it does help Swiss concerns considerably at the top end of the market. All the available evidence suggests that the future of Swiss concerns probably lies at the more expensive end of the trade. The industry has suffered from competition from the cheaper Asian manufacturers, particularly in electronic watches.

The industry could do with the fillip of a new round of Swiss-timed Olympics. In the first seven months of this year, Swiss watch exports were down 7.7 per cent against 1978, despite the marked rise in sales of electronic timepieces. Between 1974 and 1978, Switzerland's share of total world exports of watches and watch movements dropped from over 61 per cent to less than 35 per cent.

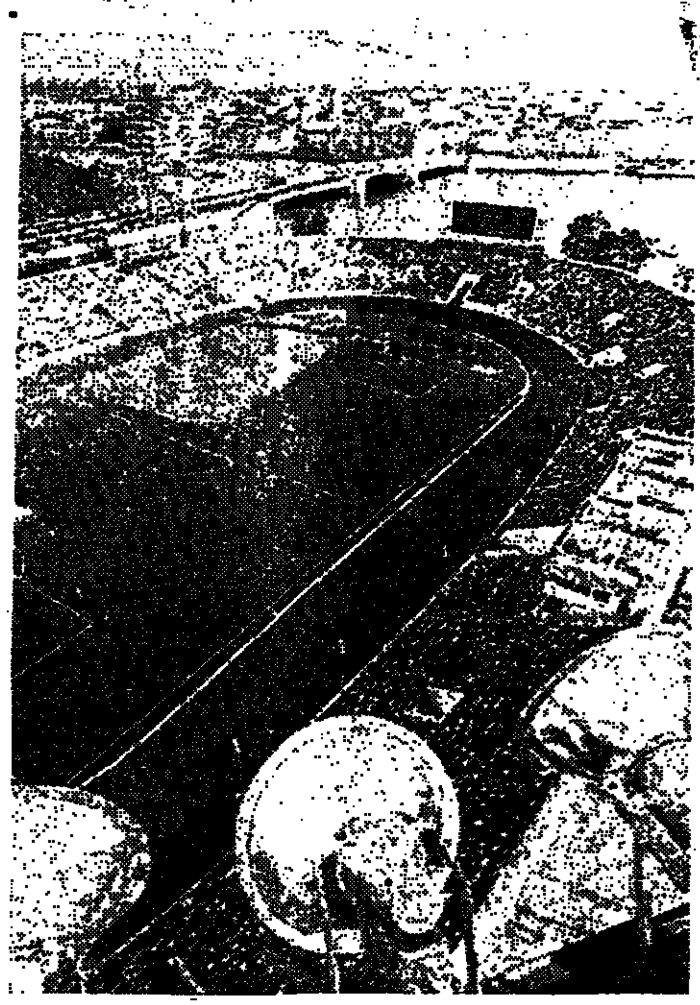
The big groups like Société Suisse pour L'Industrie Horlogère (SSIH) to which Omega, Tissot and the Longines parent Asuag belong, are trying to weather the storm by restructuring where possible.

SSIH recently announced that it has closed down a small factory producing cheap electronic watches, even though the boom in electronic watch sales is predicted to continue.

The closure of the Aetos Watch Company is one sign of the industry's determination to shake out dead wood. Another indication is the 80 per cent stake bought by Desco, a member of the powerful Schultess holding company of Zurich, in the family-owned watch-making company Girard-Perregaux of La Chaux-De-Fonds.

Girard-Perregaux will continue its operations as before. But Desco, which through Schultess has an extensive international trading and marketing network, should give the watch makers a firmer grip on the world market for high-quality watches.

The strategy of the industry now seems to be to improve further the quality of Swiss watches, and to allow makers of cheaper products to wither



Reconstruction for the Olympics of the central stadium in Leningrad nears completion. Switzerland's watchmakers will again time the Games, as they have done since 1920.

The Swiss want to upgrade not only in mechanical watches but also in electronic ones. At a recent international congress on chronometers in Geneva it was estimated that electronic watches will corner an increasing share of the world market. By 1984 they are likely to push back to 50 per cent the existing 70 per cent share held by mechanical watches.

Electronic watches will become more popular not only because of their digital dials but also because of their unequalled precision and the flexibility of construction which allows them to perform several chronometric functions at one time.

Swiss to consider loans for IDA

BY OUR ZURICH CORRESPONDENT

[THE] SWISS Government is to [c]onsider new ways of helping [fin]ance the World Bank [aff]iliate, the International [Dev]elopment Association ([IDA]), according to Mr. Fritz Hone[gger], the Economics Minister.

A national referendum in [19]76 had revoked a parliamentary decision from the previous year to lend the body SwFr 200m (£58m).

Switzerland contributed to the second and third capital increases of the association; the first of these two loans has been repaid. The referendum, however, made impossible Swiss participation in the fifth capital increase.

There has been considerable criticism of Switzerland withholding this support.

The effect of Swiss failure to contribute to the IDA was heightened last month when the Government announced a 8 per cent cut in official development aid in 1980, because of the confederation's deficit following the rejection by a referendum of a value added tax.

Herr Honegger said that the decision of the 1976 referendum would in the long term no longer be accepted abroad.

Dutch gas field 10% bigger than supposed

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS' largest natural gas field at Slochteren is nearly 10 per cent larger than was thought. According to the [St]ate Geological Service the field reserves are believed to contain 1[illegible] cubic metres more gas than the [illegible]bn estimated in January.

No significant discoveries of gas have been made in the Netherlands in recent years so any upward revision is particularly welcome.

Proven reserves—those with a 90 per cent chance of being recovered — amount to 56bn cubic metres of the latest revaluation; the rest are classified as probable reserves, with a 50 per cent likelihood of recovery.

Dutch gas reserves fell 2 per cent in the first six months of the year, largely due to continued consumption but also to downward revisions of previous estimates. Total proven and probable reserves amounted to 2,227bn cubic metres in July, 44bn less than at the start of the year. Of this 1,905bn were on shore reserves and 322bn in the Duch sector of the North Sea.

Gas production in the first half of this year was [illegible] cubic metres compared with [illegible] in the whole of last year. [illegible] tion is larger than the decline in reserves because imports are counted towards production.

The number of onshore gas fields discovered rose to 88 in July, 15 of them associated with oil. Most are of limited [illegible] but the sharp rise in the value of gas has made it worthwhile to exploit them. The number of offshore fields rose to [illegible] of which one is oil associated.

● Police broke up a demonstration blocking [illegible] [illegible] Urenco uranium [illegible] yesterday. [illegible] the [illegible] at [illegible] plant [illegible] 100 demonstrators, some [illegible] had chained themselves [illegible] About [illegible] entrance gate [illegible] of whom [illegible] as they were taken to the [illegible] authorities [illegible] no resistance [illegible] [illegible] away by the protest was delay[illegible]

Urenco ca[illegible] 1,000 tonne exten[illegible] because the [illegible]'s capacity [illegible] ing work on a [illegible] sion to the plan[illegible]

The demonstr[illegible] group called Bre[illegible] Chain, had prevent[illegible] tion traffic from e[illegible] site since early on M[illegible]

Bonn immigrant remittances up

BY ROGER BOYES IN BONN

FOREIGN WORKERS in West Germany have stepped up the amount of money that they send back to their homelands. According to estimates by the Bundesbank, the central bank, the foreign workers (known as gastarbeiter — guest workers) sent DM 2.75bn (£720m) back to their countries of origin in the first six months of the year, 8 per cent more than in the same period for 1978.

This is in stark contrast to the years between 1974 and 1978 when the foreign workers—mainly drawn from Turkey, Yugoslavia and other Mediterranean countries—sent progressively less money home.

The previous declining trend had been interpreted as a sign that foreign workers were becoming gradually more integrated into German society and slackening ties with their homelands. As more dependents came to Germany to settle with the foreign workers, the need to send money home diminished. But there still remain considerable problems in integrating the 4m workers and their dependents into the Federal Republic.

Herr Heinz Kuehn, the Government official responsible for foreign workers in Germany, emphasised the problems of integration last week.

The foreigners saw themselves less as "guest workers," who would return home after a short period, and more as permanent immigrants, the report said. At the same time, as more dependents came to Germany, the average age of foreign workers was sinking. By the year 1995, the report said, 20 per cent of all young people between the age of 15 and 18 living in Germany would be foreigners.

Herr Kuehn, formerly premier of the state of North Rhine Westphalia suggested among other things that it should be made easier for foreign workers or dependents to become German citizens at the age of 18. The regional distribution of foreign workers should also be improved. Foreign workers and their dependents account for 9.5 per cent of the West Berlin population, 19.4 per cent of the Frankfurt population but only 2.9 per cent of that in the northernmost state of Schleswig-Holstein.

French pledge on Portuguese

BY JIMMY BURNS IN LISBON

FEARS THAT some of the 900,000 Portuguese working in France might be forced to leave by new immigration laws appear to have been assuaged following a recent meeting between President Antonio Ramalho Eanes of Portugal and French President Valery Giscard d'Estaing.

There has been growing public concern here that, despite French Government promises to the contrary, France's largest immigrant community would be cut back following the expected parliamentary approval next month of the Stoleru law.

The legislation, drawn up by M. Lionel Stoleru, the Secretary of State for Manual Workers, reviews present criteria for the renewal of work permits and for social security payments.

The Portuguese Foreign Ministry said yesterday, however, that General Eanes had received a "written assurance" from President Giscard that Portuguese workers would not be affected by the law.

General Eanes is believed to have made such an assurance one of his main requests during his state visit to France last week.

Restrictions on the movement of Portuguese labour will be lifted once Portugal enters the European Community in 1983. But Portuguese officials have been worried by the implications of the Stoleru law during the next three years. Emigrant remittances provide substantial support for Portugal's balance of payments.

Moreover, Portgual's current labour market would be unable to absorb the return of large numbers of emigrants. Unemployment is already about 13 per cent and is unlikely to improve in the short term.

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Brezhnev contacts NATO leaders over troops offer

BY ROGER BOYES IN BONN

MR. LEONID BREZHNEV, the Soviet President, has sent telegrams to Chancellor Helmut Schmidt of West Germany and to Mrs. Margaret Thatcher, the British Prime Minister, elaborating on his recent offer to cut troops and tanks in central Europe.

In a major diplomtic offensive to win support for his initiative, Mr. Brezhnev has also sent personal messages to the Italian and Danish Prime Ministers, while the Belgian Government is due to receive a letter from the Soviet President today. It is believed that Mr. Brezhnev has also sent a telegram to M. Valery Giscard d'Estaing, the French President, but there was no confirmation of this.

Although the details of the telegrams have not been released, it is clear that Mr. Brezhnev is personally concerned that his offr should not be dismissed by the West as a propaganda exercise or as a tactical manoeuvre to split the Western alliance.

In his recent East Berlin speech, Mr. Brezhnev coupled his announcement of a force reduction with a proposal that Moscow would not increase the numbers of its medium-range weapons targetted on Western Europe if the European NATO countries rejected plans to station new nuclear weapons on their soil.

The offer has given rise to fears in Bonn that the Benelux countries could be dissuaded from stationing weapons on their territory. This would in turn cause problems for Germany which is determined that it will not be the only European country to have the new weapons.

The Defence Ministers of West Germnay, Britain and France have just completed talks in Hamburg where the Brezhnev proposals were discussed.

The Ministers also welcomed the progress being made on the joint development of a future tactical combat aircraft to replace the current generation of Jaguar and Phantom fighters.

The Ministers—Mr. Francis Pym of Britain, M. Yvon Bourges of France and Herr Hans Apel of West Germany—made clear in a communique issued after a day of talks in Hamburg that preliminary soundings on the joint fighter had gone well. West German defence officials added that representatives of the respective national aerospace industries had already met to see what kind of aircraft could best serve the individual defence needs of each country.

David Satter adds from Moscow: Mr. Brezhnev failed to appear yesterday for the second and final day of Soviet-Syrian talks, spurring new speculation that he has fallen ill.

The 72-year-old Soviet leader has apparently been in failing health for a number of years, but, he has recently been keeping a full programme which included a trip to the southern Ukraine and the visit to East Germany

Mr. Brezhnev's place was taken by Mr. Alexei Kosygin, the Soviet Premier, in the talks with Mr. Hafez al-Assad, the Syrian President. They were believed to have discussed Syrian requests for sophisticated Soviet weaponry. It was thought unlikely that Mr. Brezhnev would have avoided the talks entirely if he had not been ill.

A saddened Mr. Ecevit leaves the presidential palace after s[illegible]ning.

Demirel may try to form Cabinet

BY METIN MUNIR IN ANKARA

MR. SULEYMAN DEMIREL, leader of Turkey's Justice Party, is expected to be asked by President Fahri Koruturk today to form a new Government, following the election reverses suffered at the weekend by Mr. Bulent Ecevit's ruling Republican People's Party.

Mr. Ecevit resigned as Prime Minister yesterday and said that Turkey could not afford a prolonged Government crisis because of its critical economic and law and order situations.

Mr. Demirel could form a right-wing coalition by obtaining the co-operation of parties to the right of his Justice Party which would give him control of 227 of the 450 seats in the National Assembly. He is believed to be reluctant to enter such a coalition because of its patchwork nature and because it would rest on a slim majority. Nevertheless he is expected to make an attempt to form a Government.

Mr. Ecevit, whose party is still the largest single group in the assembly, has indicated that, at this point, he is not interested in attempting to put together a new Administration. His party lost five National Assembly by-elections and won only 12 of 50 Senate seats involved in mid-term polling at the weekend.

Mr. Ecevit repeated yesterday that his party lost votes because the Government had been forced to take unpopular measures to deal with the economy which, he said, was in the worst situation of any in the world when he took over 21 months ago.

He gave an undertaking that his social democratic grouping would not pursue a disruptive policy. "It will do everything to prevent the country from relapsing into a Government crisis."

Strike called over Fiat sackings

BY RUPERT CORNWELL IN ROME

ITALY'S 1.5m engineering workers will stake a two-hour national strike next Tuesday in protest at Fiat's decision to dismiss 61 employers alleged to be responsible for acts of violence at the car manufacturers' Turin plant.

The outcome represents, if anything, a victory for moderates over an extremist fringe who wanted to press for a half-day general strike.

The company yesterday stood firmly by its decision, sending out the first dismissal notices.

Fiat is leaning heavily on the uncertainty of the unions themselves, torn between their past condemnations of violence, and the continuing erosion by militants of union authority over rank-and-file.

Labour unrest, the biggest single threat to the Christian-Democrat-led Government of Sig. Francesco Cossiga, is continuing, with transport severely disrupted by strikes and air-traffic controllers planning industrial action.

Local election results in a number of Italian communes have underlined the significant recent decline in support for the Italian Communist Party

The most significant conclusion of the polls which embraced only 350,000 voters (less than 1 per cent of the electorate) but which prompted the involvement of national political leaders, has been the drop in backing for the Communists, after their substantial fall in the June 3 General Election.

In the areas which voted, including the north-eastern industrial town of Pordenone, the PCI's share of the poll was just 24.7 per cent against 27.6 per cent in June.

The Christian Democrats fractionally improved their share of the vote of just over 40 per cent, while the Socialists, Social Democrats and Liberals all increased their strength.

Norway fines Phillips for oil field fire

By Fay Gjester in Oslo

NORWEGIAN authorities have fined Phillips Petroleum and three of its employees in connection with an oil slick fire la[illegible] year in the Tor Field, a sateiite of the Ekofisk Field, where the company is operator.

A police investigation claims the fire was caused by improper work routines.

Phillips has been fined NKr 500,000 (£47,000), and its Ekofisk offshore manager NKr 11,000 (£1,030) while the superintendent of outlying platforms and the Tor platform supervisor have been fined NKr 9,000 (£840) each.

The fines are the first Norway has imposed on individuals after an offshore accident.

Oil puts French trade in deficit

By Robert Mauthner in Paris

FRANCE HAD a cumulative seasonally adjusted trade deficit of FFr 6.6bn (about £730m) during the first nine months of this year. But invisible earnings are expected to put the current account in surplus to roughly the same extent as the trade shortfall during this period.

In September, the trade account showed a deficit of FFr 1.8bn, down sharply from the August shortfall of FFr 3.2bn, which was the worst monthly result for three years.

M. Jean-Francois Deniau, the Trade Minister, said that the trade deficit for 1979 as a whole was expected to amount to some FFr 10bn, which was the upper limit of the Government's forecasts made at the time of last summer's OPEC oil price rises.

France was absorbing the shock of the oil price rises reasonably well, M. Deniau said, but his statement was made before the announcement of the latest increase

A more pessimistic assessment of the situation was made by M. Raymond Barre, the Prime Minister, who said in a newspaper interview that modern economies could function properly only on the basis of regular oil supplies and regular oil price increases.

The constant and unpredictable increase in oil prices would inevitably fuel inflation in importing countries, lead to a deterioration in their external payments and transfer some of their national resources to the oil-producing countries.

France's energy deficit in September of FFr 9bn, some FFr 4bn higher than in the same month of 1978, was largely responsible for the overall trade deficit.

Excluding energy, however, the trade balance was in surplus last month to the tune of FFr 7.3bn.

NOBEL ECONOMICS PRIZE

Work on Third World honoured

BY JOHN WALKER IN STOCKHOLM

THE NOBEL Prize in economic sciences or 1979 is shared between Professor Theodore W. Schultz, aged 77, of the University of Chicago and Professor Sir Arthur Lewis of Princeton University, for their pioneering research into economic development, particularly on the problems of developing countries.

Professor Lewis who is 64, is the first person from the West Indies to be awarded a Nobel prize. He was born in St. Lucia and is a British citizen. Prof. Schultz is American.

The citation for the £88,000 prize comments that the two men's analyses of development problems have a number of features in common and complement one another.

Prizewinners Sir Arthur Lewis (left) and Professor Theodore Schultz

Prof. Schultz's main characteristic in agricultural economics is that he does not treat agriculture in isolation, but as an integral part of the economy. He also attaches crucial importance to vocational skills, schooling, research and its application. He is a pioneer in research on "human capital," a field which has been expanding rapidly since the 1950s.

The efficiency and development of agriculture is also in Prof. Lewis's opinion, of vital importance to the growth of developing countries. But he has focussed attention on the dual nature of the economies of developing countries—the tension between a dominating and stationary agricultural sector and a dynamic industrial sector.

The citation says the two economists wide and profound experience of economic policies and underlying political systems in developing countries has made their presentation of those countries' problems both vivid and sincere.

Jurek Martin writes from Washington: One of the ironics in the joint Nobel award to Sir Arthur and Professor Schultz is that, although their work has been complementary, both were celebrated for espousing different schools of thought on the use of labour in the agricultural sectors of the developing world.

Sir Arthur's basic contention was that the labour market does not work well in rural areas—that the wages of rural labour are, in effect, worth more than their marginal production.

Prof. Schultz, on the other hand, has argued that, if labour is withdrawn from rural areas in developing countries, agricultural production falls. He has cited a number of examples, including the Indian influenza epidemic of the late 1950s, to buttress his case.

Both men, notably Prof. Schultz, have been leading and early exponents of the proposition that education in the developing world has to be seen as an investment. They have argued that it is not a drain on scarce resources or merely a service and is perhaps the most important key in the transition of economically primitive societies to a more developed state.

Capitalism's problems rising—Soviet expert

BY LESLIE COLITT IN BERLIN

OVER THE next 20 years, the "developed capitalist countries" can be expected to more than double their gross national product over last year's level and expand their industrial production 2.5 times, Mr. Nikolai Inosemzev, a leading Soviet specialist on Western economies, forecasts.

Writing in the influential Communist journal, Problems of Peace and Socialism, published in Czechoslovakia, Mr. Inosemzev, director of the Institute for World Economics in Moscow, says while his forecast indicates "much lower growth" than in the 1950s and 60s, it would still be "considerable."

The Communist countries "must not ignore this" in their own development plans, and in evaluating the "outlook for competition between the two world systems," he adds.

But the development of Western industrial economies will be slowed by a "high rate of inflation, chronic unemployment, a worsening of social conflicts, structural crises and increasing foreign trade contradictions," he notes.

In carrying out the "scientific-technical revolution under capitalism," difficulties will increase and contradictions will deepen.

This "does not at all mean" that in the coming years or decades "we will witness a standstill in the development of the productive forces of capitalism." It would be a "mistake to underestimate possibilities of present-day capitalism."

Production in the West will be automated by the perfection of data processors, mass expansion of micro-electronics and widespread use of robots. The revolution in biology will permit a "far greater effectiveness in food production."

The "law of unequal development under capitalism" will remain fully in effect. This will cause Western Europe's industrial production by the year 2000 to attain about 120 per cent of the U.S. level,

OVERSEAS NEWS

Iraq warns Iran on Gulf ambitions

BY JAMES BUCHAN IN RIYADH

IRAQ gave a warning yesterday that it was ready to send troops to protect the sovereignty of Bahrain and Kuwait. The warning came as Foreign Ministers of the Arab states of the Gulf met to discuss their fears about the security of the region.

Mr. Taher Tewfiq, a member of the Iraq revolutionary command council and Minister of Industry, said in a Saudi newspaper that Iran's religious leaders headed by the Ayatollah Khomeini were "playing with fire."

Mr. Tewfiq was in Jeddah as a special envoy of President Saddam Hussein of Iraq, although Iraq is not represented at the Foreign Ministers' meeting in Taif, the Saudi mountain resort and summer capital. The meeting, which was not announced in advance, was called apparently at the request of Saudi Arabia and Bahrain to discuss the recent disturbances in the Shi'ite Moslem community of Bahrain. All the states of the Lower Gulf are attending.

Saudi Arabia, in particular, is concerned that Iranian religious leaders may seek to exploit dissident Shiites, who make up a majority of Bahrain's population, or even to renew Iran's historical claim to the island. Kuwait also has a restive Shiite population and there is a small community in Saudi Arabia's eastern province.

There were reports at the end of last month that Saudi Arabia had despatched troops to Bahrain at a time when Iran was carrying out naval exercises off the island. Saudi officials denied the reports, although diplomats point out that the Saudis and Bahrain have enjoyed closer military links since the crisis in Iran last autumn.

The question of Bahraini security was also raised at meetings in Riyadh between Saudi leaders and Mr. Harold Brown, the U.S. Secretary of Defence.

During a visit to Saudi Arabia of the Bahraini Prime Minister earlier this month, Crown Prince Fahd is understood to have made a firm commitment of protection for the island.

Since then, the kingdom has sent a message to the Government in Tehran. The Iranian Ambassador in Jeddah responded confirming his Government's commitment to the independence of other Gulf states. But Saudi Arabia has no channel for contact with Iran's religious leaders in Qom, diplomats say.

Although Saudi Arabia has not been enthusiastic about recent proposals for a Gulf security pact, it has bilateral agreements with Iraq, Bahrain and Qatar. A conference in Muscat in 1975 to discuss a general pact foundered because of Kuwaiti suspicions of Iraq, but at the very least the Taif meeting is expected to see a new airing of the proposal.

Five killed in port clashes

TEHRAN—Rioting erupted in the Caspian Sea port of Bandar Anzali yesterday and naval units were ordered in to break up clashes between townspeople and Revolutionary Guards, Pars, the official Iranian news agency, reported.

Five people had died and 24 been wounded in two days of clashes, following a demonstration by local fishermen, the agency added. The rioting began when crowds surrounded the local police headquarters.

In Tehran, National Iranian Oil Company officials said Iran would continue to impose a 21 cent surcharge on each barrel of oil it exports. This follows its decision to raise prices by about 11 per cent.

The surcharge had been imposed last August when most suppliers cut the period of credit extended to consumers from 60 to 30 days.

Reuter

Japanese face oil shortage this winter

BY CHARLES SMITH, IN TOKYO

JAPAN seems almost certain to face an oil shortage during the second half of this financial year, after successfully importing its full requirements for the first half.

Oil imports during the six months ending next March 31, when the fiscal year ends, would have to reach 934m barrels to satisfy estimated demand but may actually fall short of 880m barrels. In the first half of the year, Japan appears to have imported slightly more than 830m barrels. This was enough to satisfy demand and to add one or two days' supply to privately-held stockpiles.

Oil consumption in Japan rises sharply in the winter months, hence the difference between official estimates for requirements in the first and second halves of the fiscal year.

As far as supplies are concerned, the Ministry of International Trade and Industry claims not to have any clear picture of the situation, even during the current three months.

An estimate that Japan might be able to obtain 880m barrels in the period up to next March is, however, being attributed to the Ministry by the Japanese Press. Private estimates by the oil industry fall well short of this figure.

If oil imports do reach the Ministry estimate of 880m barrels and if consumption runs at the expected level of 934m barrels, the oil stockpile, which Japan has been laboriously accumulating during the past few years, will have to be reduced to fill the gap. The privately held stockpile is at present estimated at 83 days' supply but the Government holds another seven days' supply in tankers moored in territorial waters.

A modest reduction in the stockpile would not matter but a reduction to less than 70 days could be dangerous.

Japanese oil refineries are thought to need at least 45 days' worth of supplies to maintain normal operations. In the case of some companies, over 50 days is regarded as the minimum operating level.

One of the major uncertainties affecting the outlook for Japan's oil supplies is the future of "third party" contracts under which the international majors supply oil to independent refiners.

The majors have already cut back supplies under these contracts to about half their original levels but some 15 per cent of oil imports are still covered by third party arrangements. Further cuts in the availability of this type of oil are widely expected.

Fears about the dwindling availability of third party oil have been partly compensated for by Japan's success in recent months increasing its intake of oil under direct deals with producers. Mexico will begin to ship 100,000 barrels a day from next January and there appears to be a good chance that Iran will raise its shipments from 400,000 b/d to 600,000 b/d. Such shipments may not make up for shortfalls from other sources however.

IRAN'S OVERSEAS OPPOSITION

Men who want to oust Khomeini

BY ANDREW WHITLEY IN PARIS

THE FRENCH Government is discreetly turning a blind eye to the way in which Paris is becoming the centre of the Iranian opposition in exile.

Queries from Iranian Government officials, such as Dr. Ibrahim Yazdi, the Foreign Minister, when he stopped briefly in the French capital last week are believed to have met the bland reply that France is doing no more or less than it did for the Iranian religious leader, Ayatollah Khomeini, when he masterminded the last stages of the anti-Shah movement from Paris last winter.

In opposition two prominent figures have emerged to champion the nationalist and the royalist hopes that the Islamic Republic is rapidly sinking into a slough of its own making, from which state it will be rescued by themselves.

The man who has made all the running so far is Dr. Shapour Bakhtiar, Prime Minister 36 days up to the February 11 uprising in Tehran. Now based in Paris, protected by the French secret service, his campaign to bring down "that madman," as he describes Khomeini, is moving into higher gear.

Across the Seine, from the fashinoable quarters of the Avenue Hoche a rival is also gathering support. Dr. Houshang Nahavandi, 48, was a long-serving Minister in the Shah's Cabinets. Close to the former Empress he was regarded as the Court's liberal intellectual.

The two men do not trust each other. Jostling for position, for the support of the Iranian expatriate community—perhaps as many as 100,000 people at any one time—and for the attention of the Western powers, both are aiming at capturing a broad cross-section of opinion.

This week Dr. Bakhtiar will open a full-time Paris headquarters, headed by one of his former Cabinet ministers, to co-ordinate the work of the groups he says are flocking to pledge their support in the United States and Europe. Regular contact is also maintained with sympathisers within Iran: notably Ayatollah Shariat-Madari, the dissident religious leader, the Kurdish rebels and—potentially most important of all—disaffected army officers.

Dr. Bakhtiar makes a point at a Press conference

From this base the former Iranian Prime Minister aims to establish a "triangle of support," linking secular nationalists, Shariat-Madari and his important Turkish-speaking community, and the army. Somewhat surprisingly he sees most work to be done in winning over the middle class nationalists of his own kind—only 50 per cent of whom are said to be in his favour.

The reason for this lies in the split in the old anti-Shah movement which Bakhtiar provoked last January when he accepted the job of transitional Prime Minister, to hold off Khomeini and the Moslem fanatics and to guide the country to the dream of a constitutional monarchy. In retrospect, as the full Islamic vision becomes clear, Bakhtiar's supporters claim that his old-constituency within the National Front—historically an important middle of the road grouping—is swinging round behind him again.

Neither Dr. Bakhtiar nor Dr. Nahavandi are sanguine about a quick victory over the clergy and their armed supporters in Iran, though both see the internal situation deteriorating rapidly to their advantage. "It's too early to talk about the Shah's return," the former court intellectual said, "but maybe in three months time."

The enigma of the Shah's intention and, correspondingly, what position to adopt towards the return of the monarchy is a central issue. Dr. Nahavandi is in no doubt, arguing that in his opinion a constitutional monarchy is a vital unifying element for the Iranian hotchpotch.

Dr. Bakhtiar has deliberately kept his position ambiguous, fearing that the United States might be rethinking its cavalier abandonment of the former monarch, living in comfortable and relatively obscure exile in Mexico. But he and his aides are aware that this vacillation is highly damaging to his political prospects and he is coming under pressure to declare openly his natural republican views.

The U.S., meanwhile, is carefully monitoring the progress and prospects of this debonair, French speaking politician. Informal contacts are understood to have been made at regular intervals. So far even Dr. Bakhtiar's most ardent supporters admit candidly he does not have more than a 20 per cent chance of regaining power, under present conditions; but they feel Ayatollah Khomeini is, of his own accord, daily improving their chances.

The most sensitive area is the source of funds for an organisation which is growing fast and has to pay for cross-border smuggling operations, clandestine leaflets and taped messages (selling at £27 each on the black market), publicity in Europe, including a newspaper to be published from London next month, and the Paris office and staff.

Dr. Bakhtiar says donations from private individuals are the main source, apart from his personal wealth. But allegations persist that he is also being helped by foreign powers or even by the Shah's twin sister, Princess Ashraf. The last claim Dr. Bakhtiar dismisses as ridiculous, but there are also suggestions that Israel and South Africa—cut off from their most important source of oil by the revolution — would be glad to see him back in Tehran.

Prison for Chinese dissident

By John Hoffmann in Peking

CHINA'S MOST celebrated dissident intellectual, Wei Jingsheng, was jailed today for 15 years. Wei, aged 29, formerly the editor of the underground newspaper, Explorations, was found guilty of counter-revolutionary crimes and of having supplied military intelligence to a foreigner.

About 700 selected spectators watched the day-long trial in a Peking court. One said later that Wei received the sentence impassively, although a former associate of the jailed man said he was shocked at its severity.

Wei was arrested in March, several days after he was alleged to have passed information to a foreign journalist about China's military strength, its commanding officers and details of casualties during the border war with Vietnam.

The indictment against Wei also accused him of gross violations of the constitution by writing and publishing articles critical of the Chinese Communist Party leadership and the socialist system.

Explorations flourished during the period known as the "Peking Spring," from December 1978 to March this year. It was the voice of many campaigners for democratic freedoms and civil liberties.

Some of its most critical articles labelled the Communist Party leadership a "disguised feudal monarchy" and called on the people to seize power from the "overlords."

Rhodesian whites against land plan

BY TONY HAWKINS IN SALISBURY

A SPOKESMAN for Zambabwe Rhodesia's 5,300 white farmers said yesterday that Bishop Abel Muzorewa could not afford to make any concessions to Patriotic Front demands on the expropriation of white farming land.

Mr. David Spain, vice president of the Commercial Farmers Union, said that if the Front's plans were put into effect, the country, which was a net exporter of food at present, would not be able to feed itself within 18 months.

White farmers are unenthusiastic about plans for a land fund to buy out farmers so that their land could be redistributed to black farmers, tribesmen and returning guerrillas. As one farmer put it: "What we need is not an incentive for the white farmers to go but a disincentive."

The white farmers employ some 350,000 black farm workers which means that with their families some 2m people would have their lives disrupted if the white farmers were to be bought out. A significant proportion of the farm labourers and their families could probably be resettled on what was formerly white land, but agricultural experts believe that such a programme would be little short of disastrous. They point out that agriculture accounts for about half the country's annual foreign exchange earnings (about £200m), 34 per cent of total employment and just under one fifth of gross domestic product.)

The industry includes four main types of farming. At one extreme are the corporate-owned major estates and cattle ranches; then there are the 5,300 white farmers, who with the estates account for 83 per cent of gross farm output. The remaining 17 per cent comes from the two categories of black farmers—the 8,500 "commercial" African farmers and 750,000 tribal cultivators.

Michael Holman adds: The Patriotic Front leaders argue that the compensation provision made in Britain's independence constitution could make any substantial land reform programme prohibitively expensive.

Pressure on over-crowded tribal trust lands holding nearly three-quarters of the 6.5m black population, can only be relieved, they say, by massive resettlement of under-utilised white land.

In a proposed scheme for land resettlement published by the Rhodesian Government in January this year it was argued that 4m hectares of under-utilised land was available in the European area. The cost of acquiring this at 1979 prices would be approximately £55m, but would only cover the resettlement of 22,000 black farmers.

One study calculates that some 75 per cent of existing white occupied land would be needed to resettle blacks, and acquisition under current prices would require £480m.

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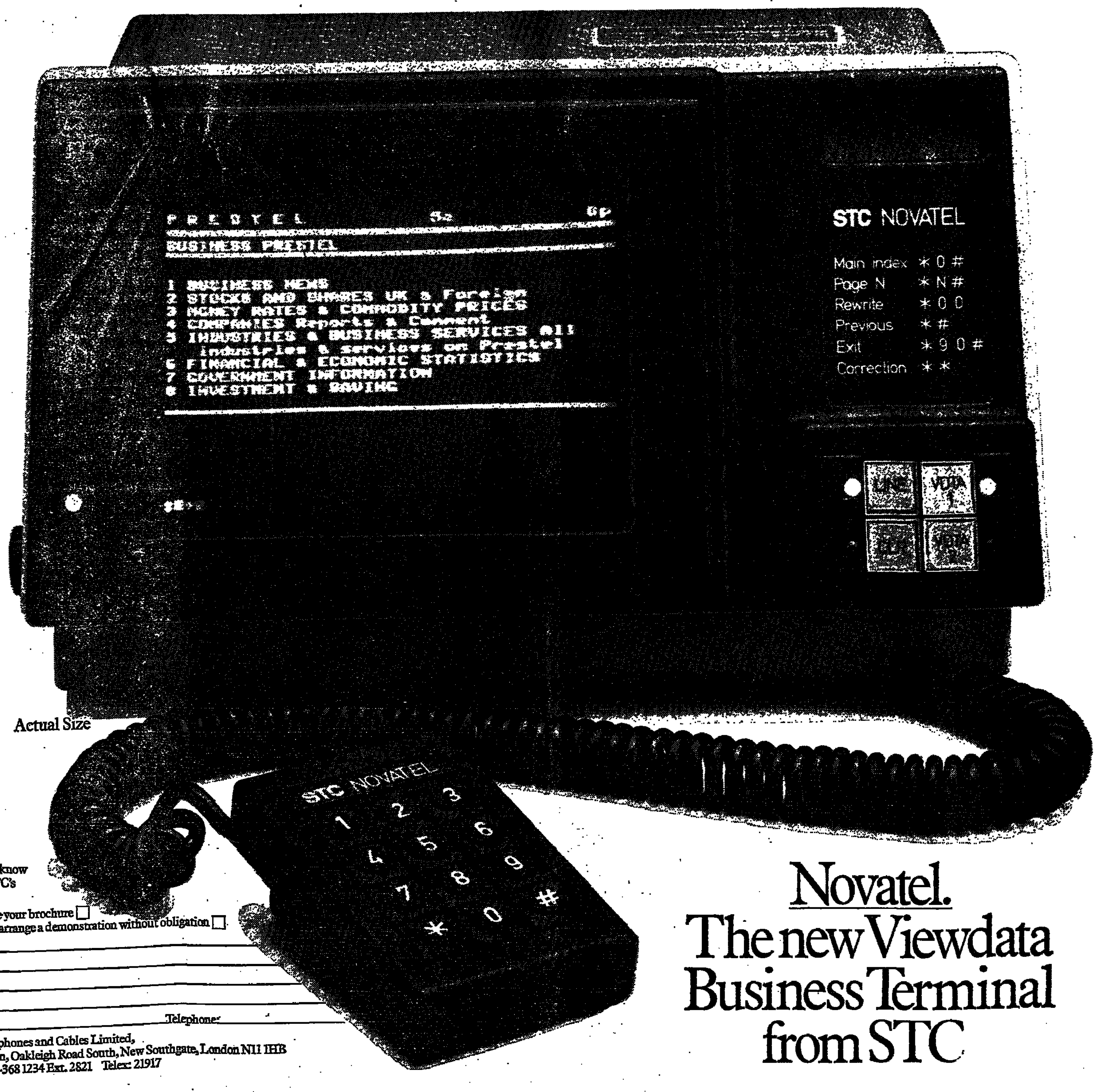

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Output figures create optimism

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

INDUSTRIAL production in the U.S. rose by an estimated 0.5 per cent last month, further evidence that the economy performed much better than expected in the third quarter

In issuing the figures, the Federal Reserve noted that the September increase largely reflected a surge in car production. This brief boom is now over.

But the Fed also reported that output of consumer appliances was up in September compared with the depressed levels of August (when the industrial production index fell by 0.9 per cent) while demand for business equipment remained strong.

Mr. G. William Miller, Treasury Secretary, felt sufficiently emboldened by the latest statistics to tell a Congressional committee yesterday that the economic recession should be no more than "moderate."

"There are few signs,' he said, "that we are facing a deep downturn of the 1973-75 type and, with economic policies focused on curbing inflationary expectations, the outlook continues to indicate a moderate recession."

Mr. G. William Miller

In his evidence, principally devoted to explaining how the Administration proposed to assist those regions of the U.S. facing the greatest economic hardships, Mr. Miller made no mention of the recent build-up in inventories and their probable downward adjustment in the months to come.

On Monday, Mr. Paul Volcker, Federal Reserve chairman, acknowledged that significant inventory adjustment would have an impact on economic activity, specifically industrial output, in the future, though he refused even to characterise the present economic state as recessionary.

Mr. Miller again strongly endorsed the Fed's adoption of a stringent new monetary regime as enabling the country "to get a better handle on inflation, the dominant economic problem of our time."

The Administration's proposals for counter-cyclical aid to those parts of the nation in economic difficulties has already passed the Senate but has been held up by a House committee.

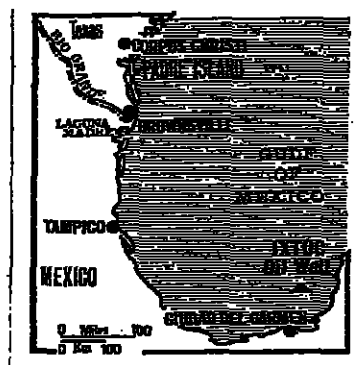
The Treasury Secretary predicted that the most hard-hit areas would be in the industrial North-East and the middle Atlantic states, while the mountain states could expect little retardation in the growth of employment, with the rest of the country experiencing only marginal declines.

One important element of the two-part package would only take effect if the national unemployment rate rose to 6.5 per cent (at present, it is 5.8 per cent).

Mr. Miller said that the recent strength of the economy now raised a doubt over the mid-year economic forecast that unemployment would hit 6.5 per cent by the end of this year.

Under the Bill that has passed the Senate, the 6.5 per cent trigger would result in disbursement of $130m per quarter to the most hard-hit areas, with an increment of $30m for each one-tenth of a percentage point by which unemployment exceeds 6.5 per cent.

Mr. Miller strongly argued that this programme was both socially necessary and non-inflationary.



Mexicans put cone on blowout

By William Chislett in Mexico City

PEMEX, the Mexican state oil monopoly, appears to be entering the final stages of controlling the world's worst oil blowout.

It has finally installed a 310-tonne steel cone over the Ixtoe well, in the Bay of Campeche. It is now installing equipment which will enable the oil flow to be directed into a tanker, instead of pouring into the Gulf of Mexico.

However, the flow cannot be controlled fully until two "directional" wells are finished. Pemex believes this could be in two weeks.

Over 2.4m barrels have poured into the Gulf, and the cost in lost oil and the rescue operation is estimated at over $150m. Attempts to install the cone were made last month, but choppy water damaged it.

Carter and Lance cleared of diverting bank loans

BY OUR U.S. EDITOR

PRESIDENT CARTER and Mr. Bert Lance, his former budget director, have been completely cleared of charges of financial irregularities in the relationship between the Carter family peanut business and Mr. Lance's National Bank of Georgia.

Mr. Paul Curran, the special counsel appointed earlier this year to investigate allegations that bank loans to the family business had been improperly diverted to finance the Carter election campaign in 1976, reported yesterday that nobody had done anything wrong.

In a preface to an inch-thick report on the peanut warehouse, Mr. Curran, a New York lawyer and Republican, stated: "There is no evidence that Jimmy Carter committed any crimes. Furthermore, my overall conclusion . . . is that, based on all the evidence and applicable law, no indictment can or should be brought against anyone. None will be filed."

There was, Mr. Curran said: "no room for doubt" that money had not been diverted to the campaign chest.

"Every nickel and every peanut have been traced into and out of the warehouse and no funds were unlawfully diverted in either direction."

On the second issue, concerning the precise financial relationship between the warehouse and the National Bank of Georgia, Mr. Curran said that answer was "a clear no" to the suggestion that criminal charges should be filed against anybody.

Mr. Curran explained that he had interviewed the President for four hours during the investigation last month, and that the President "produced all documents sought—and more." Mr. Carter had totally co-operated in the inquiry, the special counsel added.

While Mr. Carter can take obvious satisfaction that his integrity is not being impugned and his reputation for honesty is intact, there remains the probability of political embarrassment for him when more wide-ranging charges against Mr. Lance concerning his conduct as a banker finally come to court.

Mid-West pipeline recommended

BY DAVID LASCELLES IN NEW YORK

THE U.S. is gearing up for another attempt to build a pipeline to ship Alaskan oil from the Pacific coast to the central and eastern U.S.

After Sohio's ill-fated proposal earlier this year to build a pipeline from Los Angeles to Texas, the Interior Department has recommended to the Administration an alternative route, from the Seattle area in Washington state to Minnesota in the Mid-West.

The 1,500-mile "Northern Tier" pipeline would carry about 1m barrels of oil a day and cost about $1.2bn. However, it is also expected to encounter stiff environmental opposition of the kind which stalled and eventually scuppered Sohio's plan. This is because the terminal would be at Port Angeles, at the mouth of Puget Sound, an important fishing and recreational area, and would run inland through a mountainous region.

The pipeline would be built by a consortium including U.S. Steel, Burlington Northern, Westinghouse Electric and several medium-sized oil companies.

The Interior Department selected this route in preference to three others which would go partially through Canada.

The Interior Department's recommendation now goes before President Carter, who has 60 days to approve or reject it.

Victor Mackie adds from Ottawa: Foothills Pipeline of Calgary has temporarily withdrawn its proposal to build a pipeline to carry Alaskan oil to the U.S. Mid-West.

Mr. Edward Phillips, president of Foothills, said his company was stepping aside to allow the National Energy Board to give a quick hearing to a rival proposal by Trans-Mountain Pipe Line of Vancouver, which would lead to increased oil tanker traffic along the British Columbia coast. The federal and British Columbia governments both oppose increased tanker traffic.

Airline to modify DC-10 fleet

By Stewart Fleming in New York

AMERICAN AIRLINES, one of whose DC-10 jets crashed earlier this year in Chicago, with the loss of 273 lives, has told the U.S. Government it is "committed to extensive structural and system changes" on the 30 other DC-10s it owns.

In a submission to the National Transportation Safety Board, it also alleges that the rear bulkhead of the Pylon which tore off the aircraft had been "improperly manufactured and assembled."

The American airline submission conflicts directly with an earlier filing by McDonnell Douglas, the maker of the DC-10, which alleged that the fundamental cause of the crash was the maintenance procedure which the airline had used

McDonnell-Douglas says in its submission that the type of apparatus and maintenance crew training were prime factors in causing the engine on the aircraft to tear away from the wing.

American Airlines said yesterday that it could not disclose precisely what changes were planned to the design of the engine mounting area.

TEN GOVERNORS MEET

Western U.S. states unite

BY ANTHONY POLSKY, RECENTLY IN VAIL, COLORADO

TEN RESOURCE-RICH and under-populated western states of the U.S. are acting together to resist the heedless exploitation of their natural reserves to ease the country's economic problems.

The ten—Montana, Utah, Colorado, Alaska, Arizona, Nebraska, New Mexico, North Dakota, South Dakota and Wyoming—formed a united front, the Western Governors' Policy Office (WESTPO), in September 1977. A recent meeting at the ski resort of Vail in the Rockies showed that it is becoming an increasingly influential regional coalition.

WESTPO is intended to deal not only with the politicians and bureaucrats in Washington but also with potential overseas customers for the region's vast agricultural and mineral resources.

Including Alaska, the 10 WESTPO states cover almost 1.6m square miles, 44 per cent of the U.S. land area. Their combined population of only 12.5m constitutes just 5.8 per cent of the U.S. population. According to studies, the 10-state region has a current gross national product of $125bn, which is equivalent to Japan's entire GNP in 1960. These states alone rank as the 10th largest oil producers in the world, without even including the production from California, Texas and Oklahoma—three states not belonging to WESTPO.

Speaking at the Vail conference, Mr. Robert Panero, the consultant who worked on the figures, said knowledge of the region's resources was "primitive." Mr. Panero claimed the region probably had about 800 trillion (million million) cubic feet of natural gas reserves, roughly four times the total Saudi Arabian reserves, and more than 90 per cent greater than existing estimates published by the states themselves or federal government.

At the forefront of organising WESTPO has been Governor Thomas Judge of Montana, a 45-year-old Democrat. In an interview with the Financial Times, Governor Judge said: "It is unusual and unique to even have ten governors in bipartisan agreement. Circumstances have brought us together. We are making joint specific recommendations to President Carter on energy development, water policy and other matters of vital interest to this region. We have waited seven years in vain for a national energy policy. I have more power to deal with energy problems than the President of the United States, and other governors in WESTPO enjoy similar powers."

Disillusioned by the bureaucratic infighting and ineptitude which too frequently acts as a disincentive to vitally needed U.S. export expansion, WESTPO is planning to form a regional export trading company, along Japanese lines, to market its resources

All this independent regional activity has not gone unnoticed in Washington. Mr. Thibaud de Saint Phalle, who has recently been appointed a governor of the Export-Import Bank in Washington, was at the Vail conference for the specific purpose of expressing his institution's support of WESTPO's export efforts. "The more you can decentralise problems such as energy and export policy, the more efficiently they can be resolved," he said.

Moderates take over in El Salvador

SAN SALVADOR—Moderate military leaders who ousted Gen. Carlos Humberto Romero's right-wing regime announced yesterday they had recessed Congress and planned to set up a junta of two officers and three civilians.

A military spokesman said the single-house legislature "has been dissolved."

Gen. Romero's National Conciliation Party held 50 of the 54 seats, and another pro-Romero Party, Partido Popular Salvadoreno, the other four.

The new Government intends to put an end to violence and corruption, guarantee human rights and work towards a more equal distribution of wealth, according to a statement yesterday.

Agencies

Clark survives confidence vote

BY VICTOR MACKIE IN OTTAWA

MR. JOE CLARK'S minority Conservative Government in Canada survived a Parliamentary confidence motion by the close margin of 137 to 128 late on Monday night.

The motion, by the Liberal Opposition condemned the Government for its proposal to turn part of the state oil agency Petro-Canada over to private ownership.

The Government won because the five-man Social Credit group threw its support behind the Tories and 10 Liberals were absent.

In the House there are 136 Conservatives, 113 Liberals, 26 New Democratic Party, and five Social Credit, with two vacancies. Had all 10 Liberals been present for the vote the Government would have been defeated and the country would have faced another general election.

But neither Government nor opposition wants an election this soon after the May 22 election. However, Mr. Trudeau said the official Opposition had made its point in condemning the Government's move, and threatened another vote of confidence before the debate on the Government's legislative programme winds up on Friday.

● Canada has lost $C4.6m in contracts with Arab countries due to Mr. Clark's election pledge to shift the Canadian Embassy in Israel to Jerusalem, from Tel Aviv, Mr. Michael Wilson the Trade Minister, told Parliament.

Canada lost three contracts—a C$4.2m contract for supplying building materials to Iraq and smaller deals with Saudi Arabia and Libya.

Guyana seeks fund to buy raw materials

By Mohammed Hamaludin in Georgetown

HEARTENED by initial successes at trade fairs in London and neighbouring Surinam, Guyanese manufacturers have approached their Government with the idea of establishing a special revolving foreign exchange fund to finance purchases of raw materials from abroad to service export orders.

Mr. Francis Gobin, president of the Guyana Manufacturers Association (GMA), has explained that there is World Bank interest in such a scheme. The bank may be disposed towards putting up £2m, with a similar amount likely to come from U.S. banks, he said.

The idea is to be discussed more fully between the manufacturers and the state planning commission, with the GMA about to begin a survey of the export earnings potential of 30 selected companies over a three-year period.

Guyanese participation in the Impo-Expo fair in London earlier this year brought in orders worth £2m.

Similar results have accompanied participation in the Surinam trade fair last month in Paramaribo.

The main goods being promoted are wooden furniture, garments, liquor, industrial equipment and processed foods.

Meanwhile, the Soviet Union recently opened its first-ever trade fair in the English-speaking Caribbean, which has featured mainly pictorial displays of some 100 Soviet products, especially tractors, agricultural equipment, civil aircraft, books, mining equipment, watches, movie cameras, radios, testing and measuring equipment, and optical instruments.

The Soviets bought about £1m worth of Guyanese alumina in 1977-78.

Prospects for stepping up trade with East Germany will be examined next month when the joint Guyana-German Democratic Mixed Commission holds its fourth meeting in East Berlin.

Trade between the East Germans and Guyana currently is running at about £2.5m annually with the Guyanese buying capital and consumer goods, and the Germans buying bauxite, rice, sugar, rum and garments.

China plans to build big aluminium refining plant

TOKYO—China is planning to build one of the world's largest aluminium-refining plant as part of its programme to modernise its industry, AP-DJ reports.

A Ministry of International Trade and Industry official said Chinese authorities disclosed the plan to a Japanese Government mission visiting China to assess its modernisation projects before deciding whether to provide a loan.

The plant, capable of refining about 600,000 tons of aluminium a year, will be built in Kwangsi at a cost of some Y20bn (£706m).

China is not seeking Japanese financial assistance in the construction of the plant, but the Japanese Government is asking China to provide details since the plant, when completed, will have a considerable impact on the Japanese aluminium-refining industry.

Japanese Government officials said the plant will be the second largest after that in the Soviet Union, which they said is capable of processing 800,000 tons a year. Japan's largest facility, owned by Mitsubishi Light Metal Industries, only processes only about 160,000 tons a year.

Meanwhile, Kanematsu-Gosho, a major trading concern in Japan, and Machida Manufacturing a medical instrument maker, have jointly signed a contract to export technology to manufacture medical equipment to China. Under the Y200m contract, the companies will provide China with expertise to produce endoscopes in Shanghai and also export production equipment.

● China has decided to keep the Canton Trade Fair facilities open throughout the year in the form of a permanent trade centre, Reuter reports from Hong Kong.

The fair has been held twice a year in spring and autumn, each for a month's run, since it was started in 1956. The latest fair was opened Monday.

Chinese authorities have decided to keep the market and exhibition halls open year-round for displays by foreign companies and Chinese foreign trade companies. The two spring and autumn sessions of the fair would continue.

Philip Bowring adds: A Hong Kong consortium is to build flats in Canton some of which will be sold to overseas Chinese. The consortium, led by Hien Lee Engineering and comprising a number of private investors, will spend HK$35m (£3.3m) to construct the first phase of the scheme, consisting of 15 blocks of eight stories. It is aimed to sell the flats for around HK$200 per square foot, or less than half what similar flats sell for in Hong Kong. Five of the blocks will be set aside for investors from Hong Kong and Macau.

THE CARTER Administration will soon ask Congress to drop trade restrictions against China but not to take a similar step towards the Soviet Union, State Department officials said. The move expected this month, is likely to be viewed as abandonment of the U.S. policy of "even-handedness" in dealing with the two Communist giants.

Talks on shipping frozen natural gas

By Robert Gibbens in Montreal

A KEY contract in Canada's Arctic natural gas development programme in which natural gas would be frozen and shipped south in icebreaking carriers is now under negotiation between Petro-Canada and the Southern Natural Gas Company of the U.S.

Petro-Canada, the state oil company and project leader with three Canadian shipping companies as partners, is proposing the sale of 225m cubic feet a day of natural gas to the Alabama utility beginning in 1985.

The proposed deal is being supported by the Canadian Government because of the prospect it holds for getting an early financial return from the C$500m to C$600m ploughed into the exploration project over the past 11 years. The project is centred on Melville Island in Canada's high Arctic.

While no details of price have been announced, Canadian mainland gas has been available to the U.S. at below Mexican prices.

GM hopes to fly car parts to Venezuela

BY ROBERT GIBBENS IN MONTREAL

GENERAL MOTORS Canada and its parent company in Detroit are negotiating with several international airlines for regular air cargo movement of key car parts from their North American plants to General Motors of Venezuela.

The parts are needed for the company's two Venezuelan assembly plants located in the Caracas area. The parts concerned are transmission and other specialised components suitable for air movement.

The overall plan is being handled by GM's international logistics centre based in Detroit. However, the Canadian subsidiary is directly involved because many of the parts would originate in Canada.

Also, all GM North American KDV (knocked down vehicle) exports are handled by GM Canada. Components are sent from North American plants to Oshawa, near Toronto, for crating and labelling. Some work is also contracted out to a local company.

GM makes a small range of North American type cars in Venezuela with varying degrees of local content and modification for local conditions.

However, the world's largest car manufacturer is re-designing its North American range to meet 1985 U.S. pollution and mileage standard.

Our foreign staff adds: General Motors' proposed air freighting operation could involve shipments of 9,000 tonnes a month to Venezuela.

It would mark the first time the company had used air freight as a major means of supplying its plants.

CAVN, the Venezuelan shipping line, is currently believed to carry some 2,500 tonnes of KDV vehicles a month from an eastern Canadian port, and another 6,000 tonnes of Ford vehicles from Florida to Venezuela, says report in the current issue of International Freighting Weekly, a UK trade publication.

It says that GM's production in Venezuela is expected to rise to 60,000-70,000 vehicles next year, up from the current level of 50,000, to meet the large local demand for cars.

Pakistan buys more tea from Bangladesh

By Mervyn de Silva in Colombo

PAKISTAN is to buy at least 15 per cent of its tea imports in the final quarter of this year from Bangladesh.

The decision has caused some concern here because of the growth of Sri Lanka's tea exports to Pakistan since the Bangladesh war. Two years ago Pakistan dislodged Britain from its traditional position of Sri Lanka's number one buyer.

Pakistan earlier had moved to make Bangladesh its main supplier "as a matter of policy," but this was amended after protests from the Pakistani tea trade. It will now insist that licence holders buy at least 15 per cent of their requirements from Bangladesh.

In the first six months of this year Sri Lanka sold Pakistan 13.7m kg of tea. Iraq was second largest market with 10.6m kg.

In spite of Pakistan's shift in favour of Bangladesh Sri Lanka will sell at least 25m kg by the year-end.

Hyundai to expand Europe operations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HYUNDAI MOTORS of South Korea will expand European operations next year by setting up distribution networks in Switzerland and Austria.

The group has been testing European markets since October, 1978, when it began selling its Pony model in Belgium. It then started in The Netherlands this year.

In the first 14 months in Belgium Hyundai is expected to sell 1,400 Ponies and 1,800 for the year in Holland.

In 1980 the aim is to import and sell 2,500 in Holland and 2,000 in Belgium.

So far most sales have been at the expense of Japanese manufacturers rather than European makes, according to Mr. Soo Chun Lee, managing director of Hyundai Europe.

The group has already signed 75 dealers in Holland and 70 in Belgium and these totals will grow to 100 and 80 respectively by the end of 1979.

Mr. Lee revealed during a dealers' conference here yesterday that Hyundai hopes to expand by moving into two new European countries each year, with Norway and Denmark on the list to follow Austria and Switzerland.

But much will depend on the ability of the factory in South Korea to build up production steadily from a low base.

Since production began in 1976 and 30,000 Ponies were produced, output has grown to 110,000 this year.

By 1986 output should reach 1m if the current plans are fulfilled.

The group hopes to continue exporting about 20 per cent of car output. Other main export countries include Greece, Saudi Arabia, Chile and Guatemala.

Next year the range of Ponies for Europe will be extended from only one four-door saloon to include a three-door hatchback and a five-door estate.

MORE OPPORTUNITIES WITH TRINIDAD AND TOBAGO

UK-Caribbean prospects improve

BY DAVID RENWICK IN PORT OF SPAIN

BRITISH MANUFACTURERS, whose exports to Trinidad and Tobago are slightly down for the first seven months of this year by comparison with 1978, should take heart from the fact that the recent government-to-government agreement between the two countries is likely to start presenting new trading opportunities soon.

The first fruits of the agreement, under which the British Government will nominate contractors for certain large construction projects and take general responsibility for ensuring the jobs are done properly and on time (though Trinidad and Tobago will pay all the bills), materialise shortly with the start of construction of two major prestige buildings in Port of Spain, a hall of justice and a financial complex.

The former is being built by Higgs and Hill and the latter by the Caribbean division of George Wimpey.

The Government-to-Government procedure was adopted by Trinidad and Tobago as a means of speeding up its physical development programme, which had fallen behind schedule. In effect it side-steps the open market tendering system for major projects. Such agreements have already been signed with Canada, Luxembourg, Sweden, France, West Germany and the Netherlands, as well as Britain.

The advantage to the foreign government is the assurance that one of its contractors will get a job commission, which might not be the case if the project were open to international tender, while its exporters pick up a number of orders in connection with the execution of the contract.

In the case of the two prestige buildings, for example, openings will be offered for British suppliers of construction materials, such as cement, bricks and blocks, iron and steel, metal goods, furniture, plumbing fixtures and so on.

Other large-scale projects to come under the Britain, Trinidad and Tobago agreement are multis-torey car parks, mass housing, low cost apartments, a national library complex, a new Government printer and even a new town, based on a British concept.

Mr. Guy Hart, commercial attaché at the British High Commission, is puzzled that British exports should be running behind so far this year.

The January-July, 1979, figure was £62.09m, while that for the same period last year was £64.07m, but suggests that the strength of sterling might be a factor, since British goods are more expensive in local currency terms than they were last year.

The Trinidad and Tobago dollar-sterling exchange rate declined from TT$4.81 against the pound in January this year to TT$5.51 in June.

But he expects total sales for 1979 to top £100m for the second year running against £112m in 1978, and to achieve new records in 1980 when the construction work under the arrangements begins to get into

Mr. Hart points out that the construction-related goods are not the only ones with potential on the Trinidad and Tobago market. Equipment for the oil and continuous process industries, chemicals, machine shop and electrical equipment and, on the consumer side, whisky, soft drinks, drugs, biscuits, knitted fabrics, footwear, toys and plastic items, are all equally in demand.

Whether primed by the agreement between the two governments or not, interest in the Trinidad and Tobago market remains active, judging by the trade missions planned over the coming months.

Tongue-tied trade

NEARLY 40 per cent of British export directors and 60 per cent of export salesmen cannot speak any foreign language, says a survey published yesterday by the Royal Society for the Arts.

A total of 200 exporting concerns were questioned in the survey and only 60 per cent of them considered foreign languages a "considerable advantage" for their salesmen.

The companies put languages well down the list of factors contributing to export success, and 90 per cent seldom or never corresponded in foreign languages. But the survey found a link between linguistic ability and export success.

Swiss deficit

THE SWISS foreign-trade balance recorded a further large deficit in September, with imports exceeding exports for the month by SwFr 445.1m (£130m).

Imports for the month were 19.9 per cent above the level for the same time last year.

Canvey refinery inquiry reopened by Heseltine

BY ELAINE WILLIAMS

THE PUBLIC inquiry into controversial plans to build a 4m tonne oil refinery by United Refineries at Canvey Island has been reopened by Mr. Michael Heseltine, Environment Secretary, because of disquiet by the island's residents.

The move follows a review of safety on Canvey Island which was ordered in February this year by Mr. James Callaghan, the former Prime Minister.

He was concerned over criticism of the Health and Safety Executive report last year which looked into potential hazards on Canvey Island.

The report, which cost £40,000 and took two years to complete, recommended that the building of two oil refineries on the island with a population of 33,000, should go ahead if companies with refineries and storage facilities on the island took major steps to reduce the risk.

The first public inquiry, begun in 1975 to look into the application by United Refineries, a consortium led by the Italian national energy group ENI, was halted while the executive's investigations were carried out.

United Refineries was given permission to build the refinery in 1973. The first public inquiry in 1975 looked into the possibility of halting the plan.

A second company, Occidental, started building a refinery but stopped building because its 6m tonne capacity refinery was considered uneconomic.

The Castlepoint Refinery Resistance Group, which has been campaigning against the planning permission, has welcomed a new look at the issues. Mr. George Whatley said the residents had been "sitting on a bomb" for years.

The group also wants British Gas to close its methane storage plant about which the executive's report commented, "We have serious doubts whether the British Gas Corporation should continue to store such large amounts of liquid natural gas and liquid petroleum gas at the terminal."

The inquiry will reopen on March 4, next year, and will be headed by General Richard Ward.

BL 'near precipice' workers are warned

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CANNOT survive in its present form if the workforce rejects the company's plan for 25,000 redundancies, Sir Leslie Murphy, chairman of the National Enterprise Board, warned yesterday.

The company was "nearer the precipice" than it had ever been, he said in a message clearly aimed at the 164,000 employees.

The BL Board meets today and is expected to call for a ballot of the staff in the hope that it will overturn the decision by shop stewards to fight rationalisation proposals.

Sir Leslie said the situation was "very, very serious." The board was, he said, obviously making contingency plans." I hope people won't take action without realising the consequences."

Sir Leslie refused to be drawn on the details of the options currently under review. Clearly, the most extreme would be to put BL into liquidation.

But Sir Michael Edwardes, the BL chairman, is determined to get backing for his strategy. Even if only slightly more than half the workers vote in favour of the proposals in a ballot, he may regard that as adequate support for push ing through the plant closures and redundancies.

The executive of the Confederation of Shipbuilding and Engineering Unions was meeting in London last night to decide its position before seing Sir Michael this morning.

Though there is deep opposition to the size of cuts proposed, the confederation is expected to stand back and allow Sir Michael to put the issue to the shopfloor.

Shop stewards will have to take the lead in what is expected to be a militant campaign of opposition to the Edwardes plan.

Restrictions on traders may be eased

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT is considering proposals to lighten penalties imposed on small-scale traders who contravene consumer protection legislation.

The move was announced yesterday by Mrs. Sally Oppenheim, Minister for Consumer Affairs, in speech to the Association of Mail Order Publishers.

Mrs. Oppenheim's speech followed Monday's criticism by Mr. John Nott, Trade Secretary, of the impact of "rampant consumerism" on trade and industry.

Mrs. Oppenheim said that she was "conscious of the need to see whether the sanctions of consumer protection legislation can be made less offensive to the trading community without losing their efficacy."

She added that "criminal measures seem unjust in the field of consumer protection but it is desirable, from the viewpoint of traders as well as shoppers, to act firmly against the recalcitrant and persistent offender."

Mrs. Oppenheim said that the radical way of changing the present position was a thorough overhaul of the existing legal system to introduce one halfway between the civil and criminal legal codes.

Insurance for houses going up

By Eric Short

TWO MAJOR insurance companies, General Accident and Eagle Star, have announced the first increases in half a century in house insurance premium rates.

The basic premium rate for private houses was fixed at 12½ per cent per £100 sum insured (2s 6d in pre-decimal currency) in the 1920s.

General Accident is to lift its rates on November 1—from 12½p to 15p per £100 on the normal indemnity contracts and from 15p to 18p on complete replacement (new-for-old). Eagle Star is raising its rates on January 1, 1980, by the same amount for normal indemnity and from 17½ to 20p for replacement.

Increases have been expected since the hot, dry summer of 1976 when widespread subsidence claims resulted from the subsoil drying out. Insurance companies have provided subsidence cover, for no extra premium, since 1971 and subsidence claims in the past three years have cost them about £100m.

In addition, snow and icy conditions last winter resulted in a substantial number of burst pipe claims, costing companies at least £60m.

Finally, there has been a steady increase in the number of claims being made. Insurance companies have been extending cover to include a variety of minor incidents and the public in general has become more claims conscious.

Foreign holiday boom 'on way'

BY ALAN FORREST

TAX REBATES and the stronger pound could lead to a foreign holiday boom for the UK tourist industry, package holiday companies said yesterday.

Mr. Roger Heape, marketing chief of Thomson Holidays, Britain's leading package tour operator, reported that more than 200,000 of its next year's summer holidays had been booked in the first month of sale with 50 per cent of its U.S. programme already snapped up.

"This confirms that holidays are top of the list for disposable income, and the cash bonus from tax rebates this month will lead to a further surge of bookings," he said.

Mr. Sidney Silver, managing director of Cosmos which yesterday launched its programme for next summer in London and eight other cities, said: "We have exploited the strengthening of the pound against the dollar to introduce holidays in the U.S. at lower prices in pounds than last year on some tours."

Cosmos's 1980 brochure includes the recently-announced package of 10 days in Miami and four days in New York for £195. Mr. Silver claimed: "We are offering significantly lower prices in every field of holiday-making than other companies." In some cases—and not only the U.S.—prices were even lower than last year, he said.

Mr. Silver claimed success for Cosmos in the market for tourists from the U.S. "Cosmos USA was the only tour operator to Britain and Europe this year to enjoy growth—nearly 50 per cent compared with a market decline of over one-third. Cosmos has brought 15,000 Americans over this year."

£2.5m bid for Goodyear site

THE 54 acre site of the former Goodyear factory at Drumchapel, Glasgow, which was closed in April with the loss of 700 jobs, has been sold subject to planning consent.

Faviar Property will buy the site for £2.5m if Glasgow District Council gives permission to develop it as a mixed industrial, retail and leisure complex, including 100 small workshops.

The council will consider the application at the end of the month. It has so far rejected suggestions that the site should be developed purely for retail use.

CBI leader condemns Labour resolutions

BY MAURICE SAMUELSON

IF SOME of the resolutions passed at the Labour Party conference became law, Britain would be plunged into "the maelstrom of nationalisation and even renationalisation without compensation," Sir John John Methven, director-general of the Confederation of British Industry, said yesterday.

Addressing architests in London, Sir John said that the CBI had always avoided any political alliance of the sort between the TUC and the Labour Party. Nevertheless, he added: "I feel bound to draw the attention of my members to the stark contrast which exists between the world which the Labour Party, or some sections of it, says that it intends to create for business and the one which the Conservative Party hopes to build in the next few years."

● Britain has only a little time left in which to reverse the direction of its economy. Mr. Leslie Tolley, chairman of the British Institute of Management, warned last night.

He said: "My concern is that we have all been fooling ourselves in the past. We have been paying ourselves rises which we could not afford, stoking up inflation with money we do not have, letting our unit costs soar to the point where w are uncompetitive in world markets."

Wind-up petition by Esperanza offshoot

BY ANDREW FISHER

A SUBSIDIARY of Esperanza, the UK transport and trading group, has applied to the High Court for its business to be wound up, following the refusal of the parent to come to its aid over a $2.1m (about £1m) judgment in favour of a U.S.-controlled oil trading company.

The subsidiary, Caleb Brett and Son, cargo inspectors, put in its winding up petition on October 9, the day after Lord Denning, Master of the Rolls, lifted a stay of execution on the judgment made in July.

The judgment required Caleb Brett to pay the sum to International Petroleum Trading, controlled by Hamilton Brothers Oil of the U.S., after it had been found that an oil cargo ship from Italy to Japan in 1976 had not been adequately checked.

Caleb Brett has appealed against the judgment and Lord Denning will today hear its request for the appeal hearing to be speeded up.

Neither Caleb Brett nor Esperanza, a public company with pre-tax profits of nearly £4m in the year to March 31, would comment on the winding-up petition, which was confirmed by the Companies Court section of the High Court and is due to be heard on November 19.

Guinness Peat Group, the international trading and investment banking group, has a 21.4 per cent stake in Esperanza, with Rothschild Investments Trust owning 17.3 per cent.

Esperanza has said that it based its decision not to help Caleb Brett on legal advice. Although the company has no legal obligation to assist Caleb Brett, the question of whether it would be commercially prudent to do so has been a significant feature of the case.

Hospital bills for road casualties may rise

BY ERIC SHORT

THE GOVERNMENT may revise the scale of charges for medical treatment, given to people involved in road accidents. This is part of its general review of National Health Service finances.

Under the 1972 Road Traffic Act, road accident victims can be charged up to £1.25 for attendance by a doctor, £200 for hospital in-patient treatment, and £20 for out-patient treatment. The charges are allowed for in the cover provided by motor insurance contracts. The insurance company usually settles the medical bill as part of the claim.

The charges are completely out-of-line with costs because of inflation. Many hospitals do not bother to charge unless the bill is substantial, because of the administration involved.

Newly found Caxton work fetches £25,000

SALEROOM

BY ANTONY THORNCROFT

SOME PREVIOUSLY unrecorded fragments of printing by William Caxton, discovered by Sotheby's book expert William Ward while cataloguing the collection of 15th- and 16th-century books belonging to the late Solomon Pottesman, sold for £25,000 at Sotheby's yesterday. The fragments make up a virtually complete copy of an indulgence printed by Caxton in 1480. They were bought by Quaritch, the London dealer.

The two-day auction totalled £195,448. A first edition of "Summa, prima secundae" by Thomas Aquinas made £3,800.

An important auction of Continental porcelain and enamels made £231,835. A large Meissen dish of about 1735 went for £12,000 and a Sèvres dinner service of 1793 for £11,000. An early Meissen "cremetopf" and cover realised £9,000. Also at Sotheby's a Russian flintlock fowling piece of about 1820 sold for £4,200.

A Maori wood panel door, dating from before 1840, sold at Christie's yesterday for £11,000 to Entwistle It was the top price in a tribal art auction totalling £142,891.

An early Zulu wood figure made £5,500 and a Bamileke wood male figure £4,500. The top lot in the auction, a Rarotonga small staff god, was bought in when the bidding reached £16,000.

A Christie's coin sale made £71,461. A Brazilian gold coin went for £3,100 and the gold boxing medal awarded to Thomas Sayers, a contestant in the first international heavyweight contest in 1860, held in Kent, for £2,100.

UK NEWS

British share of find proves 40% bigger

BY RAY DAFTER, ENERGY EDITOR

A REVIEW of the Anglo-Norwegian Statfjord Field has shown that Britain's share of the vast oil and gas reserves is some 40 per cent bigger than originally estimated.

British and Norwegian energy ministers confirmed yesterday that the UK has a right to 140m barrels of crude oil more than previously thought. This increase is equivalent to the total amount of recoverable reserves in some of the smaller commercial fields in the North Sea.

The UK partners in Statfjord —Conoco, Gulf and British National Oil Corporation—have been assigned a 15.9 per cent stake in the field's recoverable reserves, estimated at about 3bn barrels and 2.5 trillion (million, million) cubic feet of gas. Their share was previously reckoned to be 11.2 per cent.

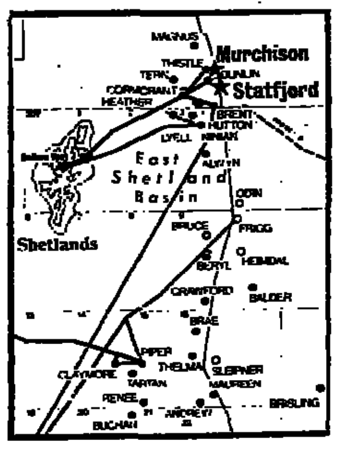
The revision, which follows a prolonged study of the field's geology, means the UK consortium is entitled to 477m barrels (instead of 336m barrels) and 397bn cubic feet of gas (instead of 280bn cubic feet).

Companies in the Norwegian consortium are Mobil, Amerada Hess, Amoco, Conoco, Exxon, Saga, Shell, Texas Eastern and Statoil. Te Norwegian state oil corporation, Statoil, has already pointed out that reserve estimates are continually being revised as new wells disclose more information about the field's structure. Consequently, the division agreed yesterday cannot be regarded as final.

Mr. David Howell, the UK Energy Secretary, and Mr. Bjartmar Gjerde, the Norwegian Minister for Petroleum and Energy, also confirmed the division of another median line field, the nearby Murchison Field. As expected, 83.75 per cent of the field has been assigned to the UK partners (Conoco, BNOC and Gulf) and 16.25 per cent to the Norwegians: Amerada Hess, Amoco, Conoco, Exxon, Mobil, Saga, Shell, Statoil and Texas Eastern.

The ministers agreed that national royalty payments and taxes would be imposed according to the parts of the field lying on each side of the median line. They also agreed that Murchison oil should be transported to the UK via the Brent pipeline system and that, for the time being, Statfjord oil should be landed by tankers.

An Anglo-Norwegian government delegation, set up to oversee the exploitation of the two fields, is still to negotiate a permanent system.



Oil companies give a winter warning

BY RAY DAFTER, ENERGY EDITOR

OIL COMPANIES warn that customers buying products such as petrol, home heating oil and fuel oil must be prepared for shortages and price rises this winter.

For although stock levels are adequate, at least as high as at this time last year, oil suppliers are concerned that an interruption in crude oil deliveries could create shortages in February or March.

The industry describes the UK oil supply position as being "on a knife-edge." Provided there are no unforeseen problems, the buffer of stocks containing 80 days' supply should be sufficient to ensure no cutbacks this winter.

Oil companies are, however, warning major customers and petrol retailers that the position could quickly change. Supply problems could arise if a major producer, like Iran, reduced its output significantly, particularly if such action coincided with a cutback in exports by Saudi Arabia. The shutdown of production in one of the North Sea oil fields could have the same effect.

In spite of the Government's drive for greater energy conservation effort, oil industry figures indicate that fuel demand is still growing. Sales of oil products—other than petrol—in the first eight months of this year grew by 3.5 per cent compared with the same period last year (This growth rate is reckoned to be nearer 2.5 per cent when adjustments are made for the harsh winter). Product demand is now running at 1-2 per cent higher than at this time last year.

Petrol sales rose by some 2.5 per cent in the first eight months, despite a price increase of between 60 and 70 per cent. Petrol demand is now running at between 0.5 and 1 per cent higher than at this time last year—a rate expected to continue for the remainder of the year.

Although the industry does not expect to raise oil product prices further this year, there is concern that crude oil exporters may force their hand. It is pointed out that the supply and pricing position is changing almost daily. Refiners are wondering whether Libya and Iran have started a new and unexpected pricing spiral. Libya has raised its oil prices by nearly 12 per cent to $26.77 a barrel, breaking the maximum level of $23.50 set this summer by the Organisation of Petroleum Exporting Countries.

Iran has informed customers of increases ranging from some 7 to 14 per cent, although it is managing to keep its prices within the OPEC limit.

The oil industry had expected OPEC members to wait until the normal price fixing meeting in Venezuela in December before deciding on new pricing levels. It is generally thought that an increase of around 10 per cent might be adopted then. Companies concede, however, that the decision of Iran and Libya might trigger a wave of much earlier price adjustments.

If this happens to a significant extent, refiners are likely to be quick to respond with their price increases.

Tax rise opposed by travelling salesmen

BY LORNE BARLING

A CAMPAIGN to prevent implementation of Inland Revenue proposals to increase the tax paid by drivers of company cars is being mounted on behalf of travelling salesmen.

The Institute of Sales Management, with 16,000 members, is urging them all to write to Sir Geoffrey Howe, the Chancellor, opposing the proposals in a recent Inland Revenue consultative document.

The Institute is calling for a clear distinction between employees using their company cars as "essential tool of their trade" and those such as directors who get their cars as a perk.

The Inland Revenue has proposed a new scale of taxable amounts related to the size and value of company cars used exclusively by employees.

This would raise the taxable amount on a car of 1,300 cc or under valued at up to £8,000 from £190 to £594. In the 1,301 cc to 1,800 cc range the sum would rise to between £250 and £695, and over 1,800 cc from £380 to £1,044.

Mr. John Fenton, director-general of the institute said yesterday: "We consider it an injustice that people who have to drive very great distances to do their job should be penalised in this way."

It was pointed out that nearly all senior executives and directors had company cars these days, and chiefly used them for driving to and from work and for their own purposes.

Despite a recent assurance from Mrs. Margaret Thatcher that no immediate changes to company perks were planned, Mr. Fenton said that the Inland Revenue was pressing hard for introduction of the new scale.

He criticised the rule which halves an employee's personal tax liability if he exceeds 25,000 miles a year.

"At a time of energy shortages this is madness, since it only encourages people to do more mileage. This will become worse if the liability is increased."

The present system had already led to many companies offering incentives for employees to buy their own cars, and since 70 per cent of UK-made cars were bought by companies, any change was likely to be bad for the motor manufacturing industry.

Later in its campaign the institute will ask what proposals the Inland Revenue has for taxing perks in some nationalised industries such as free coal for miners, free rail travel to and from work for British Rail staff and free flights for airline staff.

In the private sector it will question low-interest mortgages for bank and insurance company employees and discounts on cruises for employees of shipping groups.

Four airlines to be merged into Air UK

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AND Commonwealth Shipping Group is to amalgamate four of its scheduled airline companies into Air UK.

The constituents of the airline will be British Island Airways, Air Anglia (bought recently by B and C for about £2.75m), and two smaller airlines, also recently acquired, Air Westward and Air Wales.

Collectively, these airlines carry more than 1.5m passengers a year, have a fleet of 42 aircraft, including jets, and are expected to achieve a turnover of £50m in the coming year. Air UK will employ 1,700, serve 23 airports in the UK and nine on the Continent.

Chairman of the new airline is Mr. Anthony Cayzer, of British and Commonwealth. Managing director is Mr. Peter Villa, at present managing director of British Island Airways.

Activities

The other aviation activities of British and Commonwealth, such as Bristow Helicopters, Airwork Services and Servisair, will remain outside Air UK.

Other directors of Air UK will be Mr. E. F. Bates as commercial director, Mr. B. P. Chapman as planning director, Mr. C. E. Smith as engineering director and Mr. J. C. J. Tye as finance director.

The full integration of the four airlines into Air UK will be completed in the New Year. Meanwhile, they will continue to fly under their present identities.

The new airline will have centres of operation at Gatwick, Norwich, Southend, Southampton, the Channel Islands, Isle of Man, Blackpool, Edinburgh and Aberdeen.

Applications

Air UK and its members are also applying for nine of the UK internal routes which British Airways is giving up.

The total fleet of Air UK will comprise four One-Eleven twin-engined jets, two Fokker F-28 Fellowship twin-engined jets, 20 Handley Page Herald turbo-prop airliners, 10 Fokker F-27 Friendship turbo-props and six Brazilian Embraer twin-engined Bandeirante commuter-airliners.

Mr. Villa said yesterday that he believed the potential for the airline to be enormous.

"Already many of the routes operated by Air Anglia and BIA have proved the ever-increasing regional demands for air services, both domestic and international."

Not connected

Interex Container Services of Trafford Park, Manchester, asks us to point out that the company is in no way connected with Interex International, which was named in the issue of October 11 in connection with the trial of six men on fraud charges currently taking place at the Old Bailey.

Balance of payments deficit £2.5 bn after nine momths

THE CURRENT account of the balance of payments was in deficit by £300m in the July-to-September period, giving a cumulative *deficit of £2.5bn* for the first nine months of this year as a whole. This compares with a surplus of about £1bn for the whole of 1978.

Although there has been a substantial reduction in the deficit compared with the first few months of this year, the pattern of trade, particularly for exports, has been markedly affected by the impact of the road haulage dispute.

Some of the improvement between the first and second quarters is because goods which should have been exported in the first quarter were held up for subsequent shipment.

The terms of trade—the ratio of export to import prices—were little changed in the third quarter as both export and import unit values rose by 3 per cent.

Fuel prices of bothe categories again rose strongly, while import prices for finished manufactured goods over the past three months were much the same as in the previous quarter.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1977		32,148	33,892	118.9	107.3	100.8	−2,791
1978		35,432	36,607	122.9	112.6	105.9	−2,015
1977	1st	7,520	8,466	115.9	108.9	99.1	−781
	2nd	7,921	8,700	117.7	110.7	100.6	−761
	3rd	8,531	8,534	124.6	107.3	101.3	−590
	4th	8,176	8,192	117.3	102.4	102.4	−659
1978	1st	8,408	9,004	119.6	113.5	105.7	−620
	2nd	8,753	8,926	122.2	109.7	104.9	−414
	3rd	9,051	9,418	124.8	114.9	106.1	−501
	4th	9,220	9,259	124.8	112.3	106.9	−480
† 1979	Jan.	2,800	2,900	113.0	107.0	107.4	−62
	Feb.	2,600	3,300	101.0	117.0	108.1	−78
	Mar.	3,000	3,700	117.0	129.0	107.4	−97
	April	3,600	3,900	139.0	135.0	108.9	−114
	May	3,500	3,900	134.0	137.0	108.0	−54
	June	3,400	3,800	130.0	133.0	107.1	−42
	July	3,600	3,600	134.0	127.0	109.3	−41
	Aug.	3,600	3,700	132.0	130.0	108.2	−123
	Sept.	3,600	3,700	133.0	128.0	106.9	+9

† rounded to nearest £100m and whole number
* ratio of export prices to import prices

Source: Department of Trade

Workers take bigger share in their jobs

BY MAURICE SAMUELSON

A GROWING number of employees are becoming shareholders in the companies they work for and businesses which do not run share-holding schemes for workers may soon become the exception rather than the rule.

Tens of thousands of employees are already covered by such schemes, only six months after the tax relief provisions of the 1978 Budget came into operation, says the latest issue of Industrial Relations Review and Report, an independent research journal.

It says that companies have been rushing to take advantage of the tax relief provisions and that shares worth millions of pounds have been handed to employees. The Inland Revenue has given the go-ahead to about 40 profit-sharing schemes, including those of some of the largest UK employers, such as ICI, Marks an Spencer and the Midland and Lloyds banks.

A further 120 concerns have applied for tax relief approval and others are considering doing so.

To qualify, schemes must be open on similar terms to all full-time employees with five years' service. The shares must form part of the company's ordinary share capital and there is a ceiling of £500 on the market value of the shares handed to an employee in a single tax year.

Individual schemes differ in detail, however. The Marks and Spencer scheme requires a UK pre-tax profit of more than £100m before any profit-sharing allocation is considered. The Midland Bank requires a minimum return of 11 per cent on issued share capital before any allocation is made.

Despite the initial success, the journal believes profit-sharing schemes would be even more popular if certain provisions of the 1978 Finance Act were altered. These include the £500 limit and the lengthy period for which shares must be held to remain tax-free.

Major retail chains have been among the leaders, with Marks and Spencer distributing nearly £3m in shares and the House of Fraser £1.6m to employees at all levels.

● NEWS ANALYSIS—THE C.W.S.'s NEW CHIEF EXECUTIVE

Change and challenges for the Co-op movement

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE MAN who succeeds Sir Arthur Sugden as chief executive of the Co-operative Wholesale Society, the largest wholesaling organisation in Western Europe, will play a key role at a critical time in the development of the co-operative movement in the 1980s.

Sir Arthur, who has just notified the CWS board of his intention to retire on his 62nd birthday next September, has given almost a year's notice. This should give the board enough time to choose the right chief executive to help meet the impending crisis facing the co-operative movement.

The major question facing the co-ops is whether the new CWS chief-executive will come, as is usual, from the movement or whether an outsider will be chosen to instigate changes. However the favourite is probably the present deputy chief executive Mr. Dennis Landau.

Crisis is looming for the movement on three related levels. In the first place, the co-ops' poor trading performance compared with that of multiple stores suggests that the movement may be unable to cope with the tougher High Street trading conditions to come and the accelerating pace of retail change.

Secondly, the traditional fragmented structure of the co-op movement seems increasingly unrealistic to cope with the trading situation.

And thirdly, there is the more philosophical but ever-present dilemma over how far the often conflicting aims of commercialism and co-operation can be reconciled.

What makes these problems so significant is the sheer scale of the co-op movement's operations in the UK. There are some 10.6m customer-members of the 201 individual retail co-op societies scattered throughout the UK. Members of each society elect a board of directors who run the society.

Each society in turn has a financial holding in the CWS which produces and distributes goods to retail societies on competitive terms.

Both individual societies and the CWS are members—along with other co-operative bodies—of the Co-operative Union, which acts as a national forum for the co-op movement although it has no effective power. This power resides with the individual retail societies.

In total, the co-op movement employs nearly a third of a million people, owns the biggest fleet of motor vehicles after that of the Government, has some 150 factories at home and abroad, runs more grocery stores than the rest of the supermarket multiples combined and operates the sixth largest deposit bank and the ninth biggest mutual insurance society in Britain.

It also supplies a third of the nation's milk, is second only to the National Coal Board in retail sales of coal, and is the country's largest undertaker.

The 204 individual retail societies have a combined turnover of £3.1bn, of which the largest is accounted for by the Co-operative Retail Services (over £400m) and the London Society (£715m).

The CWS alone accounts for sales of about £1.7bn—including its importing, manufacturing, wholesaling, banking, and insuring functions on behalf of *individual societies. Apart from* being the UK's biggest farmer, it also operates the major Scottish retail society.

The CWS's problem is that in spite of its size and its efficient operating structure, built by Sir Arthur during his five-year spell as chief executive, it is constrained by the dogged independence of each retail society.

The fact that only some two-thirds of societies' needs are provided by the CWS highlights the fact that some societies prefer to support outside wholesalers rather than their own operation. It is as though individual Tesco branches could pick and choose from where to buy their supplies.

The CWS cannot impose any central trading strategy on to retail societies. It must use gentle persuasion—which is not always heeded.

It is this lack of a central trading organisation for the co-op movement which many industry observers suggest is behind the [illegible] trading performance of the co-op and threatens its ability to cope over the next decade.

SIR ARTHUR SUGDEN
Standing down next year

The co-op's share of total retail sales, according to Department of Industry figures, has slipped back from 7.1 per cent three years ago to 6.8 per cent last year. In food sales—which account for three-quarters of total co-op turnover—the co-ops did particularly badly, only managing to increase sales by a tenth. This was substantially less than the 15 per cent growth achieved by the multiple food stores, and less than the 11.5 per cent average in the sector as a whole.

Sir Arthur Sugden, as president of the Co-op Union two years ago (he thus combined the top two jobs of the co-op movement for a year) made an impassioned plea for pragmatic planning structure to be set up to co-ordinate the movement's trading strategy.

Like so many other such pleas, this was warmly supported by delegates to the Co-op Congress that year—but subsequently became bogged down in the mass of bureaucratic committees that abound within the co-op movement.

The last major attempt at forcing change in the co-op movement was started in the early 1970s when a regional plan was put forward to merge small societies into larger groups, thus enabling them to compete more effectively with the large multiple chains.

Although the number of societies has been reduced from 357 in 1970 to the present 204, this is still a long way short of the 25 regional societies envisaged. Individual societies are apparently very reluctant to surrender their independence.

At this year's Co-op Congress, Mr. Howard Perrow, this year's president of the Co-op Union, made another rallying call to the movement to gear itself up for the 1980s. He proposed a merger of the CWS and the large retail societies, in particular the Co-op Retail Services, which traditionally takes over retail societies in trading difficulties.

The rationale for such top-level mergers—to form an organisation to be known as Co-op G.B.—is that the 10 largest retail societies together account for almost half of sales, while the top 50 were responsible for 84 per cent of sales.

The initial response of the large societies to the proposal was not exactly enthusiastic, but both the CWS and the CRS have agreed to meet with the Co-op union later this month to discuss the matter in greater detail.

The CWS's attitude to such a *merger plan will be one of the* key questions to which the new CWS chief executive will have to give attention. Although the CWS is itself an efficient trading organisation, its future is irrevocably bound up with the performance of the co-ops at High Street level. But having had its own ideas for the future of the movement effectively rebuffed by the retail societies in the past, the CWS may want to see signs of a change in attitude from the societies before it embraces any merger plan too wholeheartedly.

University funds cut to force fees rise

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

GRANTS TO universities will be cut from next year in an attempt to ensure compliance with the Government's policy of charging overseas students the full average cost of heir higher education in the UK.

Fees for foreign students, who account for 12 per cent of university students, rose by 33 per cent this month to £940 for undergraduates and £1,230 for postgraduates. But the Government claims that the fees still cover only 40 per cent of the average cost. The balance—more than £100m a year—is borne by taxpayers.

The institutions have been warned by the University Grants Committee that their funds will probably be reduced by various amounts, according to the number of overseas students admitted by each of them.

The Government intends to introduce the charging of "full-cost" fees progressively, starting with new overseas students admitted next autumn. This indicates an overall reduction *of the universities' grants* next year of 3 to 4 per cent. Some educational interest groups are opposed to the charge. They say that since most of the cost is incurred by providing education for British students, the expense of foreigners is far less than the Government's average figure.

Students' Union's right to appoint officers upheld

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A HIGH COURT judge yesterday upheld the decision of Brighton Polytechnic students' union to elect an increased number of full-time officers paid from public funds.

The increased staffing was voted by the union as a result *of the "take-over"* by the polytechnic last April of the Eastbourne College of Higher Education.

But Mr. Justice Oliver rejected the union's claim for immediate payment by East Sussex Couny Council of a £132,000 capitation grant, from which full-time union officers are paid.

Docks Board to build new terminal at Hull

BY LYNTON McLAIN

A £350,000 ROLL-ON, roll-off terminal at Hull will be built by the British Transport Docks Board to meet increasing demand.

The state-owned Board said yesterday that it would shortly be inviting tenders.

The terminal will be built at the east end of the Queen Elizabeth Dock's No. 10 quay. The work will involve steel piling and concrete construction work to form a fixed ramp.

It will be Hull's 11th roll-on, roll-off terminal. Regular sailings already serve Norway, Sweden, Finland, Denmark, Holland, Belgium, Germany, the Soviet Union, France, Italy, Turkey and Mediterranean ports.

The port of Hull handled more than 133,000 containers and roll-on, roll-off freight loads last year.

Singer unions concede

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SINGER SHOP stewards decided yesterday not to resist the closure of the Clydebank plant, but to press for the best possible redundancy terms for the company's 3,000 workers.

After some tough words on Friday when Mr. Joe Flavin, chairman of Singer, announced the company's withdrawal from UK manufacturing by June next year, the 120 stewards have concluded that they have little to gain from delaying a decision that looks inevitable.

Mr. John McFadyen, the union convener who led last year's successful fight to keep Clydebank open, said that many of the workers now felt that they would rather be out of Singer and of the declining sewing machine market.

"I don't think many of our members would respond to a new attempt to fight the management's decision. They have already been through 2½ years of slow death."

Unions will try to negotiate high severance pay and will try to keep the company to its promise to assist in finding other employment for the plant.

Mr. McFadyen added: "Singer has set aside $130m (£60m) for restructuring and we want a substantial part of that.

"Some of the plant here is excellent and we think it could be developed as a light engineering industrial estate. It has its own power station, press shop and the ability to carry out a wide range of different processes such as injection moulding, investment casting and the handling of sinter metals."

The stewards have been promised help from the Scottish Development Agency and hope to build on the efforts already started by Singer, to find subcontract work to use excess capacity. The Scottish Office has also set up a working party to look at the difficulties presented by industrial closures in Clydebank.

The effect of the Clydebank decision and the cutbacks likely at other Singer plants in Europe will be considered today by the executive of the International Metalworkers Federation in Vienna.

Before the shop stewards' decision, the executive of the Amalgamated Union of Engineering Workers agreed yesterday to seek support from the Federation executive to block any transfer of equipment from Clydebank if the British unions thought this necessary.

Singer said last week that it would be taking other measures to counter the effect of falling orders and increased competition. Further decisions are expected after the completion of the tour now being undertaken by a team led by Mr. Flavin of the plants at Karlsruhe, West Germany; Monza, Italy; and Bonnieres, France.

● A meeting of workers at International Computers Limited's Dukinfield plant, Manchester, yesterday overwhelmingly rejected closure plans, union leaders said. The plant is due to go at a cost of 1,200 jobs.

Jobs move 'threat to N-safety'

BY GARETH GRIFFITHS, LABOUR STAFF

THE GOVERNMENT'S plan to move 1,200 Civil Service jobs in the Health and Safety Executive from London to Bootle has been criticised by Civil Service unions, who argue that it might seriously affect the executive's work.

The Institution of Professional Civil Servants, which represents 500 inspectors due to be transferred, said yesterday that the move might threaten safety controls at nuclear power stations.

Staff wastage among inspectors was already high because of the threat of dispersal and nuclear power inspectors in particular were threatening to *leave the Civil Service, rather* than move from London.

Mr. Fred Mullin, assistant secretary of IPCS, said about 40 of the 70 London-based nuclear power inspectors planned to advertise for new jobs in a national newspaper next week.

The Civil and Public Services Association and the Civil Service Union also oppose the move. The CPSA says most of its members in the Health and *Safety Exucutive* at clerical grades will leave rather than move.

The unions met Mr. James Prior, Employment Secretary, on Monday. They told him the move would mean a loss of efficiency because staff would haev td travel frequently between London and Bootle to consult with other Government departments.

They are also sceptical about the Government's assertion that the move will have spin off effects on employment in Merseyside. Of the 1,200 jobs created, 800 will be filled by the transfer of staff from London.

Building employers fail to heal breach

By Gareth Griffiths

AN ATTEMPT by the largest building employers' organisation to prevent a breach in the negotiating structure in the industry has failed.

Mr. John Allen, president of the National Federation of Building Trades Employers, offered the 20,00-str0ong Federation of Master Builders three seats in the industry's national joint council.

In return he wanted an undertaking that the master builders would leave the Building and Allied Trades Joint Industrial Council, established 10 months ago.

The joint industrial council intends to set up a separate wage bargaining system from the national joint council. The NFBTE fears that this might mean that the new council would set a consolidated wage rate above that reached in the industry's main negotiations.

Mr. Henry Stradling, the master builders' president, and Mr. William Hilton, the national director, turned the offer down.

The master builders now want to press for a tripartite negotiating system

A conference to explore the possibilities of the scheme will be organised next week by the master builders.

Court to rule on right to sue

A HIGH COURT judge is to decide whether a trade union can sue for defamation. The Electrical and Plumbing Trades Union has issued a libel writ against Times Newspapers, Mr. William Rees-Mogg, editor of The Times, and Mr. Paul Routledge, Labour Editor, over an article published in November 1977.

The case was due to be heard on November 5, but yesterday Mr. Justice Neill in the High Court granted an application by Times Newspapers to adjourn the hearing and decide first whether a trade union could sue for defamation.

The judge directed that that and other preliminary issues should be dealt with soon.

Mr. Anthony Lester, QC, for Times Newspapers, said the parties had agreed that there were three issues:

● Can a trade union, not being a special registered body, maintain any action in its own name in relation to its reputation as a legal entity, whether or not such an entity is separate and distinct from its individual members?

● If so, is any such action dependent upon the principle of damage to union property or to the union?

● Is a union able to maintain an action for damages for defamation on behalf of each and every one of its individual members in the name of the union (without identifying any particular member or members) in relation to a publication which impugns their several reputations as members of the union?

Mr. Lester said the issues could affect press freedom and if they were not decided before the libel action, expected to last about six weeks, any decision the jury reached might be overturned on a point of law by the House of Lords. By that time a great deal of unnecessary expense would have been incurred.

Mr. Michael Kempster, QC, for the union, said the libel action was due to have been heard in three weeks. Times Newspapers should have made their application earlier.

Naval dockyard pay blamed

LOW PAY in Government naval dockyards has led to work on ships being contracted out to private yards, according to a trade union leader yesterday.

Mr. Mick Martin, secretary of the Shipbuilding Trades Joint Council, said that workers in private yards were paid 30 per cent more. He denied that industrial disputes delay repairs and refits of naval ships and submarines.

Low pay in naval dockyards had caused severe shortages of manpower, he said. The craft rate was £56.25 a week and the Pay Research Unit found wages in dockyards to be below those of outside industry.

Journalists to seek 25%

A 25 per cent pay claim is to be lodged by the Institute of Journalists for its members on provincial newspapers, it announced yesterday at it annual conference in Jersey.

That would give a newly qualified senior journalist on the smallest weekly paper a minimum of £88 a week, compared with £70.50.

The institute also wants an extra week's holiday, an independent inquiry into provincial journalists' pay and a review of increments paid to senior journalists.

It will seek to restore the increments paid to senior journalists for two years' and five years' service to the same percentages of the basic minimum as when fixed in 1970.

Deadlock in Birds Eye dispute

PRODUCTION at the Birds Eye frozen food factory at Kirkby, North Merseyside, was at a standstill again yesterday in an unofficial dispute over manning levels.

Talks between management and union representatives broke down on Monday night and no ew meetings are planned.

Meawhile, pickets remain outside the plant, which employs more than 800 men and women.

The dispute started on Friday when two women were suspended after refusing to work a machine. They said that a third person was needed.

● NEWS ANALYSIS—RAIL DISPUTE

Battle to bring forth peace

BY PHILLIP BASSETT, LABOUR STAFF

THE 24-HOUR strike threatened by 15,000 members of the National Union of Railwaymen, which is expected to halt all services in and out of London's mainline stations, is the first big official stoppage of the union for 16 years and the first important strike since 1926.

That is no comfort to passengers who have suffered from unofficial action or who have been faced with the brinkmanship of the threats of stoppages which have become alarmingly commonplace in the industry. But it does indicate how seriously the traditionally moderate NUR views what would seem at heart a comparatively minor issue.

The main reason is that the dispute has gone beyond its origin—local differences at Paddington station over parcels office manning—into the thorny field of procedure and sacrosanct machinery of negotiation.

The union insists that the action of local management at Paddington, in not working through procedure, undermines the sensible base on which industrial peace on the railways has been maintained.

The management replies that its attempts at consultation locally met stonewalling. The changes in parcels traffic, which necessitated alterations to work rosters, could no longer be ignored.

In April this year, management at Paddington put forward proposals to local union representatives for alterations in work rosters for parcels office staff. The proposals followed a considerable decline in ordinary parcels traffic, but a corresponding increase in Red Star parcels, which use designated trains to deliver parcels within hours.

The changes involved alterations to starting times and work patterns, and the transfer of about 50 of the 176 staff to other jobs in the station. Assurances were given that there would be no redundancies.

The management says that there was no reply to its proposals for 11 weeks. British Rail says that union representatives walked out of a further meeting, and failed to turn up for another four consultative meetings stretching into August.

Frustrated by months of inactivity, which it saw simply as the local union's method of rejecting the changes, the local management eventually told the union it would introduce the changes on September 3.

Rosters

The union fastens on this as the action which altered the whole complexion of the dispute. What was a grievance by parcels staff, who were worried about a drop in earnings from jobs with a high overtime potential, became a national issue which threatened normal negotiation procedure.

Under machinery agreed in 1956, "arrangement of working hours, meal intervals, including local rosters and working diagrams" have to be considered by the lowest tier of British Rail's negotiating machinery, the local departmental committee.

The agreement makes clear that consultation alone is not sufficient on such issues as changes to rosters.

The union claims that the Paddington dispute did not go before the local committee, and that the arbitration offered this week under Lord McCarthy could not have done otherwise than agree with that view.

The management will only say that it has exhausted consultation procedures.

Although that might seem a niggling distinction on which to base such serious industrial action, the NUR insists that the machinery is not only its sole method of dealing with the management, but also its only way of keeping its own militants in line.

The NUR's policy in dealing with members taking industrial action is to insist that the dispute goes through the machinery. Officials privately admit that that is sometimes the only way the union can control its members.

The union says that British Rail, through the action of its local management at Paddington, is opening the way for widespread unofficial action. The union, powerless to dispel the force of the action within the discredited machinery, would be unable to act.

The union rejects accusations that the strike would not be taking place if Mr. Sid Weighell, the NUR's moderate general secretary, had been taking the executive meeting which decided to call it. Mr. Weighell is ill in hospital.

Intransigence

He did unofficially meet British Railways Board members after the first of the one-day stoppages at Paddington. He offered proposals that might have led to a settlement, but they were rejected.

Once that intervention had failed, Mr. Weighell acknowledged that a serious principle had been breached and that the union's action must become more widespread.

It is recognised, though, that relations at Paddington have not been good. The intransigence of the local union at the station might have led to serious industrial action but to the union's disciplining some members had management acted differently.

The union has also accused British Rail of poor management at the station. It points to a letter to customers from Mr. Leslie Lloyd, general manager, which claimed there was little support for the action among station staff and that most agreed with the management's decision simply to introduce the changes.

Union and management, nationally, agree on one thing—that such a dispute should never have reached national level and grown to such importance.

The attempted changes at Paddington are not directly connected with talks that have been going on with the unions on productivity in the industry, which might lead to the loss of as many as 40,000 jobs. But the issue does reflect the Board's concern about efficiency, particularly in the freight business.

It is just one of the ironies of the complicated industrial relations of the railways that the NUR can call such wide-spread action with the aim of preserving peace in the industry.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● BANKING

Cash unit goes anywhere

OLIVETTI, which recently scooped the plum job of supplying £23m worth of front and rear office electronic banking equipment to the Scandinavian savings bank group—with a further £23m of supplies and support over five years—has launched the through-the-wall automatic teller system shown here.

The TC800 ATS-TTW has been designed for unprotected environments so that extended banking services can be provided 24 hours a day at airports, in company buildings and elsewhere. It consists of a central processing and control unit, floppy disc storage, keyboard, 260-character video display, badge reader, printer and cash dispenser.

Every transaction starts with the insertion of the customer's personal badge into the terminal and he is guided through every stage of the operation by a message which appears on the screen. Security has received special attention. British Olivetti, 30 Berkeley Square, London W1X 6AH. 01-629 8807.

● COMPUTING

Man at work modelled on screen

HUMAN FORMS can be modelled three dimensionally in line form on the screen of a computer aided design (CAD) terminal using software originally developed at Nottingham University and now offered by Compeda, the software marketing wing of the National Research Development Corporation (NRDC).

Called Sammie, the system allows the man models to be manipulated in order to evaluate the physical interaction between worker and work. It has already been used for design studies of aircraft cockpits, truck cabs, passenger vehicles, mining machinery layouts and even kitchens. On the screen the man-outline appears in "wire frame" form.

The particular value of the system is that it allows the match of the man to his workplace to be fully examined in terms of reaching for levers and pedals, visibility through cab windows, checking ability of the environment to cope with a range of body sizes—even checking on what can be seen in the rear view mirror of a driving cab.

Sammie is completely interactive and the user needs no special computer training. He converses with and controls the system through a simple but effective structured command language. The data structure allows a completely three dimensional scale representation of the equipment and buildings to be created, stored, retrieved and displayed.

The user can build the model of the work place and then put the human model within it. He is then able to display and view the model in a variety of ways and amend it to optimise the design. The human model has considerable variability and is based on a set of 21 rigid links with pin joints to cover the major movements of the body.

Licence fee to use Sammie is £20,000 per annum.

Compeda, which expects its turnover to reach £1m this financial year and hopes to become profitable next year, has so far spent about £1½m in marketing British software in various parts of the world. It has just joined forces on an informal basis with the Science Research Council and the Post Office to market integrated circuit design packages.

Ink-jet company's first unit

AFTER ITS first year of activity new company Domino Printing Services of Cambridge has completed the development of Unijet, an ink jet printing system which for it already has orders worth more than £70,000.

Formed last September by Graeme Minto from Cambridge Consultants and with financial assistance from TDC, the company is already expanding its new factory at Milton.

Unijet is available as a single or multihead system with up to eight heads operating from one moveable control unit. Each head has its own print control microprocessor and can print a message of up to 255 characters from a 64-character set at any speed up to 1,523 characters/sec. This represents a linear speed of 1,000 ft/min at seven characters/inch.

Characters are formed by a 7 x 5 dot matrix can and can range from two to six millimetres high. Bold type can be produced.

Unijet is a true non-contact printing system: as the paper moves past the head ink is projected at it by electrostatic forces. The technique is, therefore, particularly suitable for coding delicate or uneven packages as well as curved or recessed containers.

For batch coding the data is entered on a hand-held keypad, but at high speed (9,600 baud) message rewrite option is also available which enables sequential numbering routines to be printed using an additional control module.

For conventional printing on paper, the heads can be attached to presses for overprinting and numbering at the same time as normal printing is in progress.

Basic printer unit was developed to Domino's specification by Cambridge Consultants, from whom a manufacturing licence has been obtained.

More from Unit 1, Crane Industrial Estate, Cambridge Road, Milton, Cambridge CB4 4AZ (0223 66664).

● MARKETING

Scandinavian drive in Yorkshire

SWEDISH BUSINESSMEN will begin a visit to Yorkshire on October 29 to investigate the investment opportunities in Yorkshire and Humberside during a four-day tour organised by the Yorkshire and Humberside Development Association.

Four of the delegates have already indicated that they have firm plans for setting up a manufacturing operation in the UK and are considering this region as a prime location.

The visit will take in Leeds, Doncaster, Rotherham, Grimsby, Hull, Beverley and York, and the Scandinavians will look at factories (including Stanley Tools in Rotherham) and also see a Government training centre, town centre shopping areas and available housing.

Other regional sources on show will be the Humber Road Bridge, the docks and port facilities in Hull and the Viking excavation site in Coppergate, York.

Itinerary and details from the Association at Civic Hall, Leeds (0532 444639).

● ENERGY

Ready for the end of North Sea gas

BAD NEWS that gas prices are likely to rise very sharply, and that North Sea gas could "run out in 15 years," draws attention to the status of processes to produce gas from coal—which will be around for at least 300 years from exploitable reserves and, probably for 1,000 years, if reserves that are not exploitable by present techniques are taken into account.

There are well over 30 different gasification processes belonging to four groups being promoted by various companies and organisations, many of them in the U.S., which is hardly surprising in view of that country's endemic shortage of natural gas.

In Britain, the NCB has been pursuing a development aimed at producing a low calorific value gas through fluidised bed combustion of coal, the gas being used (in theory) to drive a gas turbine which will generate electric power. Aim is for a much more efficient use of the energy contained in coal.

Such work could be the starting point of a gas process that would yield, principally, methane that could be fed into the existing gas grid as a substitute for North Sea gas.

Midlands Research Laboratories has designed a pilot plant to produce 4m cubic feet/day of synthesis gas. This is based on a two-stage hydrogenation process which produces a char to be fed to a gasifier running at 1900 degrees F. The resulting gas is turned to pipeline quality by catalytic conversion to methane.

There is a small pilot plant in Scotland and the Gas Council has an information sharing agreement with the U.S. The laboratories are experimenting with a variety of feedstocks.

ICI has been collaborating with Koppers of West Germany on a development from the latter's oxygen/steam/coal high temperature gasifier which will provide one-step conversion of raw gas from the Koppers-Totzek gasifier into pipeline quality high BTU gas.

So far, the largest sums appear to have been spent in the U.S. on a hydrocarbonisation process under development by the Coalcon group and supported by a $257m grant from ERDA, the Government energy agency. This is for the construction of a demonstration plant able to turn out a range of products from substitute natural gas to high quality low sulphur fuel oil.

This is one of the four possible methods of coal treatment that seems closest to realisation on a large scale, though the others—direct hydrogenation, extraction-hydrogenation and Fischer-Tropsch synthesis as used in Germany during the war to produce a range of liquid fuels — are being actively pursued.

Britain's NCB has developed a two-stage hydrogen donor process which extracts hydrocarbons from coal under pressure and medium temperature in the presence of coal-derived solvents and turns them into a range of liquid fuels by catalytic cracking just as an oil refinery would upgrade crude oil. NCB also has a novel concept using "supercritical gases" to extract the useful hydrocarbons from coal. This runs at between 100 and 200 atmospheres and between 350 and 450 degrees C, at which levels there is no distinction between gas or liquid.

Its attraction is that the solution separates readily from the residue and that extraction of the interesting constituents which are relatively rich in hydrogen is rapid and selective. Extract and solvent are also readily separated and the whole pilot plant could be made relatively simple.

The residue—char—is an excellent starting point for gas production.

There is thus ample understanding of the technology needed to provide gas of the grade required to continue operating the gas distribution grid. The question that must be asked is when will it be the right time to put in a large demonstration plant?

In view of the ECSC interest in the critical extraction process this is the one that might reach large-scale application first though both methods of liquefaction are being given equal treatment by the DoE which is participating in the £32m financing of two 25-tonne per day pilot plants which should be in operation in 1982.

● MATERIALS

Protection of window frames

A PAINT product aimed at one of the UK's growth industries—new and replacement windows—has just been launched. Called Interpon D, it is claimed to be the only British-made powder coating system with a five-year performance guarantee for window frames, says the manufacturer, International Paint. The guarantee covers both aluminium and galvanised steel.

In one area of the window market—hot-dip galvanised steel frames for factories, office blocks and housing—Crittall Windows for instance is experiencing a trend away from the traditional method of painting frames on the building site towards the concept of factory-finishing. The company coats the frames in its own plant, and estimates that it will be doing this for about 90 per cent of its business in this market within two to three years, leaving only a small proportion for on-site finishing.

The main attraction for contractors, says Crittall, are the obvious savings in time and labour—for example, the need for elaborate scaffolding with on-site painting is eliminated and bad-weather delays are minimised.

Crittall also claims that by using powder-coating in a controlled factory finishing situation the life of the frame's surface coating is double compared with on-site painting which they believe usually lasts about five years.

The dry, coating material—sprayed on to the article with electrostatic guns—melts in an oven, flows out and cures to a tough, smooth film. Thicknesses are easily controlled and only one coat, without a primer, is necessary.

Crittall is the first user of Interpon D, which it is applying to hot-dip galvanised steel frames with a minimum film thickness of 75 microns. The material is formulated in a range of colours and is stated to pass both the performance requirements of BS4842 and the Aluminium Window Association (1976) specification. International Paint's headquarters are at Henrietta House, 9 Henrietta Place, London W1A 1AD (01-580 6677).

Increase in coloured stainless steel

CAPACITY OF the Stainless Equipment Surfaces (SES) colouring plant at Alma Road, Enfield, is to be more than doubled.

Designed by SES, in collaboration with equipment suppliers W. Canning Engineering of Birmingham, the plant will be commissioned in mid-November this year.

It incorporates W. Canning's "Glydo" transfer equipment, and will have the ability to colour well over 1m square feet of stainless steel per year.

The installation will enable SES to extend the size of the standard module they offer to sheets of 8 x 4 ft, 6 x 3 ft or 2.5 x 1.25 metres and 2 x 1 metres. This will make possible many new applications, including wall and lift car panelling, shower interiors and shop front fascias. In addition, the company will be able to colour stainless tube—such as for handrails—or similar fabricated parts, up to a maximum length of 10 ft (3 metres).

The colours offered by SES, who operate the Inco-developed process for colouring stainless steel, are bronze, blue, gold, red and green in both mirror and satin finish, plus black in mirror and charcoal in satin finish. Facilities are also available for patterning the stainless steel.

The cost of coloured stainless steel sheet varies according to the type and grade of stainless being used. Accordingly SES add a charge of just under £1 per square foot to the basic cost of the steel: this charge covers preparatory polishing, the colouring process and the application of a protective coating.

The new colouring plant is in addition to the existing facilities (annual capacity 600,000 square feet) which, in future, will be devoted entirely to the production of black stainless steel.

SES, Alma Road, Ponders End, Enfield, Middlesex EN3 7BB. 01-805 0884.

Plastic pipe for all plumbing systems

NOW AVAILABLE to UK builders' merchants, installers and specifiers (and, within the next year, the DIY market) is a complete all-plastics hot and cold water system from Hunter Plastic Industries, Nathan Way, London, SE28 (01-855 9851).

Material used for the pipes is chlorinated polyvinyl chloride (CPVC) part of the already well-established family of rigid polyvinyl materials, says the company that have gained acceptance in the plumbing field.

Called Genova CPVC, systems are available for hot and cold supply in 15 mm and 22 mm diameter pipe and a fully comprehensive range of fittings. These include all necessary connectors, valves and unions for tap, tank and cylinder connections, and also a range of transitional materials, such as copper, stainless steel and galvanised barrel.

Jointing is by solvent weld cementing which eliminates the need for open flame or special tools.

A 28 mm diameter CPVC pipe and fittings will be available early next year following completion of tooling at the company's manufacturing complex at Woolwich, London.

Also complementing the CPVC systems, is another innovation—a flexible polybutylene (PB) pipe for hot and cold supply. PB is more suitable for long runs where, say, the pipe may be buried in the floor screed but this pipe is not solvent welded—jointing is made by using the patented Hunter Genova "Genogrip" adaptor.

Luxury on wheels

INCREASE IN air traffic delays and congestion on the roads has led to a return to the railways in West Germany with bookings up last year by 20 per cent and Touristik Union International of Hanover has ordered a 30 Pullman carriage super-train to meet holidaymakers' demand.

The luxury train is being built in the Berlin factory of Waggon Union GmbH at a cost of £9m and will include more than 3,000 Texon textile laminate sheets supplied by Bonded Laminates, 293, Old Ford Road, London, E3 (01-980 2005).

The sheets will be in two patterns, white hessian and wide linen, plus a small quantity of oak from the company's Truwood range of real wood laminates for cladding carriage walls.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

ISS, with headquarters in Copenhagen, has changed its corporate structure twice within the past year. **Hilary Barnes** reports

A passion for management

ONE GETS a strong impression that management organisation is a passion at ISS A/S in Copenhagen. It is discussed enthusiastically and interminably, but not to the detriment of what is one of Denmark's most successful companies. Since 1962, when Poul Andreassen become managing director, it has developed from a Kr 20m (£1.8m) a year Scandinavian operation into a Kr 3bn (£265m) a year organisation operating in 15 countries and with about 55,000 employees world-wide.

Rapid growth has required a continuous assessment of management techniques and structure to adapt the group to its expanding role. Last year, with a slightly apologetic note, the most ambitious reorganisation project to date — a matrix structure — was launched. "It is true that the organisation of ISS has been changed frequently . . ." a brochure prepared by corporate headquarters told managers as it prepared them for yet another shake-up.

But today, after 11 months of intensive preparation for the matrix organisation and after five months' experience with the new structure, the matrix system has been abandoned and managers are busy shaking down to yet another structure.

ISS stands for International Service System. The group's operations are within seven main fields: cleaning and maintenance, security services, laundry and leasing of garments and linen, building and total interior service, energy control, catering and canteen management, and supply of chemicals and equipment for the cleaning and maintenance industry.

Corporate planning does not allow for any slowing down in the rapid expansion of the past 17 years. The financial targets are an annual increase in turnover, and of profits of 15-20 per cent, the maintenance of a *minimum ratio of equity* to assets of 27 per cent and a return on equity capital of at least 25 per cent.

Turnover will exceed Kr 3bn for the first time this year, compared with Kr 2.05bn in 1978. The leap will come because the sales and earnings of the Prudential Building Maintenance Corporation, New York, will be included in the group accounts for the first time.

ISS acquired a substantial minority holding in Prudential, the shares of which are quoted *on the American Stock* Exchange in New York, at the beginning of this year. It now holds 49.6 per cent of the share capital and expects to increase this to about 55 per cent as soon as the U.S. authorities *authorise the further investment*. Prudential had a 1978 turnover of about $120m.

ISS also operates in Brazil and eight western European countries outside Scandinavia, including the UK.

Anyone at ISS headquarters in the Copenhagen suburb of Charlottenlund, including Poul Andreassen, will tell you that the group's expansion is primarily due to the flare and enthusiasm of one man, Andreassen himself, but he will also be the first to explain that the search for suitable management and organisational structures arises from the need to come to terms with the fact *that one man can no longer* satisfactorily control such a large and diverse company as ISS has become.

"The problem was that ideas and solutions which came from the top, although they seemed good, and probably were, met resistance as they filtered through the management pyramid. Motivation and understanding were lacking," says Andreassen.

Several approaches were adopted to resolve the problems. *At head office, team management* techniques were introduced to give the managing director more time for those entrepreneurial and innovative functions at which he is best. Within a system of tight central financial control, maximum decentralisation to subsidiaries was encouraged.

There is a massive corporate management training programme, with each of the 500 top managers brought regularly to the company's own management centre near Copenhagen for courses, where communication is very much two-way. Managers learn to speak the same language, on the basis of their being able to understand and implement corporate policies, but they also provide headquarters with the knowledge which enables it to draw up the group's three-year, rolling strategy plans.

The matrix system was intended to provide for a further devolution of responsibility to the 15 geographical centres. The matrix consisted of a geographical horizontal axis—represented by each national holding company within the group—and a vertical products axis, representing the local operating companies. Each national holding company was, in principle, offered the opportunity for 50:50 ownership of the operating companies together with the designated ISS product group in Denmark.

The system was expected to provide a cross-fertilisation of ideas between geographical areas and between production *units. "This kind of organisation* ensures fruitful interplay between local market know-how and product expertise within the group," as the 1978 annual report put it.

What emerged, according to Andreassen, were crossed lines of responsibility, which in turn caused such complications that strategic planning became a near-impossibility.

The alarm bells began to ring when the financial results in the first months of the year failed to meet expectations, and when Andreassen sat down to find out why, he concluded that the matrix system bore at least part of the blame. It was slowing down decisions and introducing an unwanted element of bureaucracy. The problems would probably not have emerged so quickly in a manufacturing company, said Andreassen, but in a service industry speed of decision *is all* important: a cleaning contract accepted—or lost — today is reflected in the profit and loss account tomorrow.

Andreassen feels that the conflicts arose under the matrix system because the interests of the national holding company and the product companies were not always the same, partly because the holding company's manager was looking to this *year's financial results, while* the product company's manager may have been dealing with high technology security systems or energy monitoring systems of which the holding company manager had little understanding.

To resolve disputes, the holding company manager appealed to the geographical division chief in Copenhagen and the operating company's manager appealed to the product division chief, so that each disagreement tended to involve at least four principals and the disputes ended up on Andreassen's desk. "The matrix system was supposed to provide for greater delegation of responsibility, but I found it was working the other way," he says.

It was while on his summer holiday that Andreassen realised that the structure had to be scrapped. He sat down to try to describe the responsibility structure and found that it took stacks of paper. "It should have been possible to do it on half a sheet," he says.

The new structure which is being put into operation is product-orientated. The four main product groups in Denmark—security and guard services (the Securitas companies), trading and production of cleaning materials (Darenas), cleaning and maintenance (Servi), and energy control (Clorius), are in principle responsible for their production counterparts abroad, which they will normally own one hundred per cent, though some elements of the matrix structure have been *retained, notably by the* Darenas companies. The structure is generally simpler, has clearer lines of responsibility, and bypasses the conflict potential which proved the matrix system's weak point for ISS ("I am not saying that the matrix system does not work, only that it does not work for us," Andreassen emphasises).

"It was an enormous personal relief to me when I decided to abandon the matrix," says Andreassen, and adds that an improvement is already apparent in the group's financial results.

Poul Andreassen: "Ideas coming from the top met resistance as they filtered through the management pyramid"

A new area for insurers to get their teeth into

MEDICAL INSURANCE schemes, with the employer paying most or all of the cost, are now well established as an employee benefit. The use of such *schemes is likely to grow and* become available to all classes of employee, despite the resolution passed at this year's Trades Union Congress condemning such schemes and banning affiliated unions from participating.

The major operators in the medical insurance field—British United Provident Association, Private Patients Plan and Western Provident Association—report a growing interest in *such schemes to cover the shop* floor, or office workers as well as top executives, senior and middle management.

However, all the schemes marketed by these three companies severely limit the benefits for private dental surgery; they are confined to surgery needed as a result of an accident. The operators take the view that dental treatment is expensive anyway and that the costs will increase because employees will make much more use of private dental facilities once they realise insurance is available.

But something is rotten in the State and according to the *Royal Commission on the health* services, it is the state of the nation's teeth. According to the report, "dental health is part of general health and by any standards the dental health of the nation is poor."

In addition there has been growing dissatisfaction among certain dentists over the operation of dentistry within the NHS and the method of remuneration. It appears, though there are no official statistics to confirm or deny, that more dentists are refusing to provide treatment under NHS conditions and are working outside the system. This trend is reputed to be strong in London and the South East.

The conditions would therefore seem favourable for a move into dental insurance and last month two company dental insurance schemes appeared on the market, but not from the three major medical insurance companies. One is from a small independent, Allied Medical Insurance, and the other from a newcomer in this field, Private Dental Care.

Allied Medical has been operating in the medical insurance field for the past few years—it was originally part of the failed Allied Investments Group which was taken under the wing of the NEB in 1978. Now it operates independently under John Green who then bought the medical insurance company from the NEB.

The company launched an individual dental insurance scheme last November and it has been asked continually to provide cover for a company scheme. Allied Medical has all its benefits underwritten at Lloyd's.

Private Dental Care is new in this field and has linked up with Skandia UK Insurance Company—the UK general insurance subsidiary of the Swedish insurance conglomerate Skandia Insurance Group.

Emphasis

At the time of launching both these schemes great emphasis was laid on the fact that dental insurance would help take the load off dentists operating within the NHS system and would enable executives, employees and their families to take advantage of the most advanced dental treatment and techniques, many of which are not available under the NHS. Above all, the dentist would be able to give the patient the time necessary to provide a first-class job—and charge accordingly.

It is not our task to question the assertions made in such statements. But they illustrate the raison d'etre for the introduction of dental insurance. *Executives need it to cover the* high costs of getting first-class treatment. Dentists need it in order that their patients can meet the fees charged.

For example, the cost of having a crown fitted can vary from £50 under the NHS to £850 for the highest quality job. A crown under the NHS will be adequate, but under an insurance scheme the patient can get the best and his employer will foot the bill.

Under both plans full cover is given for accidental damage, inspections, and most other treatment. It applies not only to the employed but the employee's spouse and children, and covers orthodontic treatment. There is a limit on charges for each kind of treatment in order to limit the underwriter's liability, but the limits are generous.

Each plan has slight variations and the documents need to be studied carefully.

The major difference between the two plans is in the method of costing. The PDC plan makes a straight charge of £30 per annum per adult and £15 per annum for each child under 18. There are group discounts depending on the number of employees in the scheme, ranging from 10 per cent for 10 employees (excluding spouses and children) to 25 per cent for at least 100 employees.

Allied Medical operates a completely different method; this reflects the actual cost of claims in a group. The basic rates are £32.80 for an employee, £65.60 for husband and wife and £98.40 for a family. The company pays half the total basic premium at the beginning of the year and the balance at the end of the year, adjusted to take into account the actual claims during the year. Theoretically the balance could be nil. There is a maximum premium payable irrespective of the amount of the claims.

PDC insists that the beneficiary undergoes an annual inspection, which is covered by the insurance, otherwise he or she is no longer eligible. Allied Medical is lax on this point, regarding such a condition as unenforceable.

Companies interested in having dental insurance for their staff should study both plans carefully, taking into account the views of their employee benefit advisers if possible.

The three major insurers all state that they have no plans *for entering this field*. They point to the absence of any reliable statistics on which to base the premiums. They warn of the dangers of costs escalating beyond those originally foreseen as employees make use of this insurance. This has happened in the U.S. where the major medical insurers lost large sums before getting an adequate premium rating. Nevertheless, now that the precedent has been set it is difficult to see how the three majors can keep out for long.

Eric Short

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Claim against bankrupt

I recently bought a horse for show jumping, etc., as to which the veterinary certificate at purchase showed only two mild complaints, but he appeared lame after two weeks. The same vet then X-rayed the legs and claims the horse has navicular, must have done so for at least six months, and must not be *ridden*. The vendor refuses to do anything about it. What do you think of my prospects in an action against her? What would the costs be? Is it important whether the vendor knew of the lameness when the horse was *sold? Does it matter whether* she (and the man with whom she is living) are officially trading in horses, or only operating a "hobby"? Can she transfer her assets to the man she is living with, as she has said she has no money anyway, and what is my position regarding legal costs, etc., if I win but she claims bankruptcy?

Provided the vet is willing to give evidence to the effect that the more serious condition (Navicular) must *have* been apparent to the previous owner (and indeed must have been concealed before the veterinary certificate was obtained) you should succeed in a claim for misrepresentation. It is essential that it be proved that the vendor knew of the lameness before the contract of sale. The question of whether the vendor was a trader or not goes only to the extent to which the Court will make inferences as to their knowledge where there are gaps which have to be upplied by inference. The costs are likely to be in the region of £500 to £600 a side—but this only a very rough estimate—your solicitor can make a more accurate one. A voluntary transfer of property made by a bankrupt within six months of the presentation of the petition in bankruptcy is void against the bankrupt's trustee, and a transfer made *with intent to defraud creditors* may be set aside if bankruptcy ensues within two years.

Choice of loss reliefs

Some time ago your taxation expert wrote an article stating that the 1978 Finance Act introduced a new tax concession for self employed people who started a new business. *It* said in effect that a claim can be made where the business makes a loss in any of the first four tax years, that the loss is allowed against any other income (e.g. earnings in a previous job) of *one or more of the three tax* years preceding the year in which the loss occurs.

My first year of business is showing a loss but when I mentioned the article to my accountant he said that this may not *apply to me because I am still* in employment and taxed under PAYE. What, please, is your view?

We take it that you mean that yours is a part-time (? evening) business, and that you have a *(? daytime) job as well. If so,* there is a choice of loss reliefs open to you, under sections 168 and 169 of the Income and Corporation Taxes Act 1970 as well as under section 30 of the Finance Act 1978.

If your accountant needs a second opinion on some aspect of the 1978 provisions etc., he may like to write to us direct.

Closing down a company

Could you please advise me as to the simplest method of closing down a company?

Your best course is simply not to file any annual return. In due course the Companies' Registrar will write pointing out the default and that the Company will be struck off for want *of compliance*. By *not responding* the company will incur that penalty and will cease to exist on being struck off the Register.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A copy of this Prospectus having attached thereto the documents referred to below, has been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange, London for the purpose of giving information with regard to Vitatron N.V. ("the Company") and its subsidiaries. The Members of the Supervisory and Managing Boards have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. They accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the whole of the issued ordinary share capital of the Company to be admitted to the Official List.

In this document the symbol "D.Fls." means Dutch guilders (equivalent to florins). At 12th October, 1979 the middle market spot rate of Dutch guilders to the pound sterling prevailing in the London foreign exchange market was D.Fls. 4.29 to the £1.

VITATRON N.V.

Placing by

GRINDLAY BRANDTS LIMITED

of

890,000

Ordinary Shares of D.Fls 0.25 each at D.Fls. 7.50 per share

The Ordinary Shares now being placed rank *pari passu* for all dividends hereafter declared or paid on the issued share capital of the Company.

Share Capital

Authorised		*Issued and to be issued fully paid*
D.Fls. 2,000,000	in Ordinary Shares of D.Fls. 0.25 each	D.Fls. 1,149,086

Indebtedness

At the close of business 30th September, 1979, the Company and its subsidiaries had outstanding mortgage loans of D.Fls. 6,000,000, other loans of D.Fls. 1,184,450, subordinated loans of D.Fls. 4,998,000 and bank overdrafts of D.Fls. 5,939,000. At 30th September, 1979, except as disclosed herein and apart from inter-company indebtedness, neither the Company nor any of its subsidiaries had outstanding any loan capital or any loan capital created but unissued, mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, or guarantees or material contingent liabilities.

At the same date the Company and its subsidiaries had credit bank balances of D.Fls. 1,375,000.

Supervisory Board

Chairman
A. UYTTENBROEK (Neth),
1316 Lake Shore Drive, Orlando, Florida 32803, U.S.A.

P. A. BROOKE (U.S.)
212 Lindsay Pond Road, Concord, Massachusetts 01742, U.S.A.

L. C. EBELING (Neth)
Wijnoldy Daniëlslaan 13, 2082 HA Santpoort, The Netherlands.

C. SCHOKKING (Neth)
Wildenborch 99, 1082 KC Amsterdam, The Netherlands.

Managing Board

Managing Director
A. H. EIKMANS (Neth)
Kastanjelaan 16, 6883 HZ Velp, The Netherlands.

Financial Director
W. G. VAN KEIMPEMA (Neth)
Hullekesbergseweg 8, 6994 CH De Steeg, The Netherlands.

SUMMARY AND STERLING TRANSLATION

The following information is derived from the full text of the Prospectus and accordingly must be read in conjunction with that text. The key figures from the Prospectus have been translated into sterling at the middle market spot rate of Dutch guilders to the pound sterling prevailing in the London Foreign Exchange Market at the latest practicable date being D.Fls. 4.29 to the £1.

TRADING RECORD

	Year ended 31st December 1974 £'000	1975 £'000	1976 £'000	1977 £'000	1978 £'000	Six months ended 30th June 1979 £'000
Sales	6,246	7,283	8,182	11,950	11,276	6,598
Profit before Taxation	361	268	395	1,024	796	870
Profit after Taxation	156	158	179	629	500	447

EXCHANGE RATE MOVEMENTS

The exchange rate of Dutch guilders to pounds sterling (as defined above) on the last day of the accounting periods shown above were as follows:—

	1974	1975	1976	1977	1978	1979
£1 sterling	5.88	5.43	4.18	4.36	4.02	4.42

Translated at these historic rates the profit after taxation for the relevant accounting period becomes as follows:—

	1974	1975	1976	1977	1978	1979
Profit after Taxation	116	125	184	521	534	433

SHAREHOLDERS' FUNDS

As at 30th June, 1979 .. £3.1 million

FORECAST FOR THE YEAR ENDING 31st DECEMBER, 1979

Incorporating audited results for six months to 30th June, 1979.

Profit before Taxation—not less than	£1.8 million
Gross Dividend Payable per share in 1980	10.5p

STATISTICS FOR PLACING

Placing Price	D.Fls. 7.50 (175p) per share
Market Capitalisation at Placing Price	D.Fls. 34.5 million (£8.0m)
1979 Forecast Earnings per Share	D.Fls. 1.05 (24.5p)
Prospective Price/Earnings Ratio at Placing Price	7.1 times
Prospective Gross Dividend Yield at Placing Price	6.0 per cent.
Prospective Cover at Placing Price	2.3 times

Principal Place of Business and Registered Office
Kanaalweg 24, 6951 KL Dieren, The Netherlands.

Brokers
CARR, SEBAG & CO.
Bucklersbury House,
3 Queen Victoria Street,
London EC4N 8DX.

Auditors and Reporting Accountants
PEAT, MARWICK, MITCHELL & CO.
Laan Van Nieuw Oost-Indie 127
P.O. Box 93210,
2509 AE The Hague, The Netherlands.

Solicitors to the Placing
CLIFFORD-TURNER
Blackfriars House,
19 New Bridge Street,
London EC4V 6BY.

General Counsel to the Company
BINGHAM, DANA & GOULD,
100 Federal Street,
Boston, Massachusetts 02110
U.S.A.

Netherlands Counsel to the Company
LOEFF & VAN DER PLOEG,
De Lairessestraat 128,
1075 HJ Amsterdam,
The Netherlands.

Bankers

NEDERLANDSCHE MIDDENSTANDSBANK N.V.
Velperweg 18,
6824 BH Arnhem,
The Netherlands.

BANK OF AMERICA NT & SA
Keizersgracht 617-625,
1017 DS Amsterdam,
The Netherlands.

Netherlands Transfer Office
VITATRON N.V.
Kanaalweg 24,
6951 KL Dieren,
The Netherlands.

U.K. Registrars and Transfer Office
LLOYDS BANK LIMITED
Registrar's Department,
Goring-by-Sea,
Worthing, Sussex.

Surveyors and Valuers
JONES, LANG, WOOTTON B.V.
Jan Willem Brouwersplein 25,
1071 LM Amsterdam,
The Netherlands.

Place of Business in the U.K.
Vitatron U.K. Limited, Boyn Valley Road, Maidenhead, Berkshire SL6 4EG.

The following is a copy of a letter to Grindlay Brandts Limited from Mr. A. H. Eikmans, Founder and Managing Director of Vitatron N.V.:—

The Directors,
Grindlay Brandts Limited,
23 Fenchurch Street,
London EC3P 3ED.

16th October, 1979.

Gentlemen,

In connection with the placing of 890,000 Ordinary Shares of D.Fls. 0.25 each in a Netherlands company, Vitatron N.V. ("the Company"), I am writing to provide you with information regarding the Company and its subsidiaries ("Vitatron").

INTRODUCTION

Vitatron is a leading manufacturer of heart pacemakers in Europe and a prominent manufacturer of certain instruments for clinical laboratory use. The success of Vitatron can mainly be attributed to the emphasis on the highest technical standards which have recently included some of the latest developments in micro-circuitry. These high technical standards have resulted in a world-wide demand for Vitatron's products and exports from The Netherlands account for approximately 90 per cent. of its sales.

HISTORY

Before I founded this business in 1956 I worked in the design department of The Netherlands Cancer Institute in Amsterdam. One of the last projects that I was involved in was the design of an instrument for quick determination of calcium and magnesium concentrations in the human body. This was carried out by photometric measurement and at the time I thought there would be broader interest for this product if I could construct an instrument that would enable clinical chemical laboratories to combine the possibilities of normal photometric work (which was already done in many laboratories) with calcium and magnesium determinations. With this idea in mind I designed such an instrument in evening hours and later I sold it to Dr. Ebeling, who was kind [illegible]

[illegible]

In 1961 the University of Groningen had developed a heart pacemaker which was implanted in 1962. [illegible]

In 1963 I formed the Company and the business was moved from Amsterdam to a factory in Dieren, near Arnhem.

[illegible]

Between 1961 and 1973 annual sales increased from D.Fls. 340,000 to D.Fls. 21 million and the number of employees from 10 to 258. [illegible]

In the early 1970s it was realised that the pacemaker industry would shift to hybrid circuit technology [illegible]

PRESENT BUSINESS

The activities of Vitatron are now organised into two principal divisions as follows:

The Medical and Semi-Conductor Division

[illegible]

The Semi-Conductor Division, which is a sub-division of the Medical Division, is [illegible]

The Scientific Division

The Scientific Division comprises the manufacture and sale of clinical laboratory instruments. [illegible] During 1977 the Division's main product, the P.A. 800 programmable blood analyser, was introduced successfully and sales in 1979 have reached a penetration of approximately 15 per cent. of the West European market. Future development plans are centred around a micro-processor control system and its modules. This will enable the Division to enhance further clinical laboratory sales opportunities and provide the groundwork for new fields such as blood rheology, and to enter the larger industrial markets.

Turnover

Vitatron is now represented in 48 countries by 11 sales offices and 84 distributors. Its turnover in 1978 was split geographically as follows:

Germany	32%
Benelux	16%
France	14%
U.K.	11%
Italy	6%
Scandinavia	5%
Eastern Europe	4%
Other Europe	5%
U.S.A.	5%
Rest of the World	2%
	100%

The breakdown of turnover and profits between the Divisions in the first six months of 1979 is as follows:

	Medical and Semi-Conductor Division %	Scientific Division %	Total %
Sales	74	26	100
Pre-tax Profits	79	21	100

TRADING RESULTS

In the five-and-a-half years covered by the Accountants' Report (as set out in Appendix I) sales have almost doubled. Pre-tax profits have shown an even faster rate of growth and the audited *Accounts for the first six months of 1979 indicate a particularly encouraging trend.* Seen over this period of years, Vitatron has shown, in my opinion, a very satisfactory record of growth in sales and profits. I also draw your attention to the profits forecast for the full year ending 31st December, 1979, which incorporates the audited results for the six months to 30th June, 1979, which is set out in Appendix II.

The period covered by the Accountants' Report does consist, however, of certain years of faster growth and others of a less exceptional performance. In particular, two points deserve special comment: the year 1978, and the profit margins achieved during each of the six accounting periods.

The results for the year 1978 were affected by Vitatron's difficulty in the latter half of 1977 in obtaining supply sources of certain micro-circuitry components to meet the very demanding requirements for inclusion in the latest design of pacemakers. Accordingly, the decision was taken to produce these essential components at the Semi-Conductor Division which was only planned to become operational in mid-1978. As a result, Vitatron was unable to meet customer demand for pacemakers during the first half of 1978. At the same time the majority of the considerable costs of establishing the Semi-Conductor Division were incurred in 1978 which adversely affected the profit margin. Nevertheless, it was this action which allowed the development of the latest generation of pacemakers on which the future profitability of the Medical Division rests.

With the exception of one year, 1978, which is explained above, Vitatron has improved its profit margin in every year since 1975. This is a result of the decision at that time to exploit the market for the higher-technology products which have a higher profit margin.

SUPERVISORY BOARD

The functions of the Supervisory Board are principally the supervision of and the provision of advice to the Managing Board. These functions are exercised with a view to safeguarding the best interests of the Company as a whole. The Supervisory Board is wholly non-executive and is elected by the shareholders in General Meeting (See Appendix V).

The members of the Supervisory Board are:

A. Uyttenbroek (aged 68)—the Chairman. After a long career with IBM he has since held appointments as President of Sperry Rand Holland N.V. and Mohawk Data Sciences Netherlands N.V. He is now Chairman of the Supervisory Board of the latter and is also a member of the Supervisory Board of six other companies in The Netherlands.

P. A. Brooke (aged 50). He is Vice Chairman of Tucker Anthony Holding Corporation in Boston and General Partner of T.A. Associates. He is a director of Wang Laboratories Inc. and four other companies quoted on stock exchanges in the U.S.

L. C. Ebeling (aged 57). After obtaining his doctorate and working for some years in biochemistry research he has supervised the laboratories of several hospitals. He is currently head of laboratory work at the Dutch Naval Hospital in Overveen.

C. Schokking (aged 70). After a long career in banking, including appointment as Deputy Managing Director of the Nederlandse Overzee Bank N.V. in Amsterdam, he is now President of the Supervisory Boards of J. Th. Douqué's Koffie B.V. and J. G. v.d. Berg & Co. B.V. in Amsterdam.

D. J. Tanmaar (aged 53) has been appointed to the Supervisory Board, with effect from 1st November, 1979, to replace C. Schokking who will retire as a member of the Board in 1980. D. J. Tanmaar is a Registeraccountant and has held financial appointments in Royal Dutch Shell, Calsco and Industriële Handels Combinatie Holland. In 1974 he became Vice-President of the Berghaus International Fashion Group.

It is proposed that, following the listing of the Ordinary Shares on The Stock Exchange, a U.K. resident be appointed to the Supervisory Board.

MANAGING BOARD

The executive management of the Company is in the hands of the two members of the Managing Board.

A. H. Eikmans (aged 54). I am the Managing Director and have been a member of the Managing Board since the Company's incorporation.

W. G. van Keimpema (aged 40). He joined the Managing Board as Financial Director on 1st January, 1978. Prior to this, he had 15 years' experience in international management and finance, his most recent appointment having been Manager of Finance and Administration, of Single Buoy Moorings Inc. in Monaco, an associated company of one of the largest Dutch shipbuilding companies.

هكزامن الأصل

The senior management of the operating divisions is as follows:

Medical and Semi-Conductor Division

The management of the Division is shared by Mr. Blankestijn and Mr. Renkin.

A. J. Blankestijn is aged 37 and joined Vitatron in 1968. He has been Joint Managing Director of Vitatron Medical B.V. since 1976 and has main responsibility relating to sales and marketing.

A. C. M. Renkin is aged 36 and joined Vitatron in 1971. He has been Joint Managing Director of Vitatron Medical B.V. since 1976 and his principal responsibilities relate to Research and Development, production and the Semi-Conductor Division.

Scientific Division

R. Garstang is British and is aged 41. He is responsible for managing the Scientific Division. He joined Vitatron in 1967 and has been Managing Director of Vitatron Scientific B.V. since 1977.

On the whole, the rest of the management team have been with Vitatron for a considerable period of time. [illegible]

EMPLOYEES

Currently there are approximately 440 employees, of which some 310 are in The Netherlands and 130 in other countries. [illegible]

Vitatron's operations require a high level of technical skill and there are intensive training programmes for all manufacturing staff. [illegible]

Under Netherlands law, every enterprise with 100 or more employees is obliged to have a Works Council, whose members are elected by the employees. [illegible]

PREMISES

Vitatron's Head Office and principal manufacturing location are at Dieren, near Arnhem. These premises are freehold, [illegible]

Vitatron has leasehold factory and office premises totalling some 20,000 sq. ft. in San Diego, California, [illegible]

The freehold property of the Company at Kanaalweg 24, Dieren, was valued as at 1st September, 1979 by Jones, Lang, Wootton B.V. at D.Fls. 12,500,000. Particulars of these freehold and leasehold properties and the valuation are set out in Appendix IV.

WORKING CAPITAL

The members of the Managing Board are of the opinion that, taking into account the proceeds of the issue and the bank and other facilities available, Vitatron has adequate working capital for its present requirements.

PROFITS AND PROSPECTS

For the six months ended 30th June, 1979, the audited turnover was D.Fls. 28.3 million and profit before taxation was D.Fls. 3.7 million. [illegible]

The principal assumptions on which this forecast is based are set out in Appendix II of this document together with copies of letters relating to the forecast from the reporting Accountants and from Grindlay Brandts Limited.

The members of the Managing Board view the long term future of Vitatron with confidence based on the proven skills of the management, workforce, sales force and research staff of Vitatron.

DIVIDENDS

[illegible]

EXCHANGE CONTROL AND TAXATION

[illegible]

THE LONDON LISTING AND PLACING

[illegible]

Yours faithfully,

A. H. EIKMANS,

(Managing Director).

APPENDIX I

ACCOUNTANTS' REPORT

[illegible]

PROFIT AND LOSS ACCOUNTS

[illegible]

BALANCE SHEETS

[illegible]

Current liabilities:	Notes	The Group (Amounts in thousands of Guilders)		The Company	
Creditors		9,358		25	
Current taxation		3,430		(186)	
Current portion long-term debt and subordinated loans	13, 16	1,262		1,212	
Bank overdraft	12	4,410		183	
		18,460		1,234	
Net current assets (liabilities)			17,353		(1,214)
			28,545		14,337
Long term debt	13		7,139		—
Provision for product warranty			3,598		—
Deferred taxation	5		833		—
			16,976		14,337
Represented by:					
Share capital:					
Ordinary Share Capital	14		826		826
Share premium account			1,702		1,702
Reserves	15		10,662		8,023
Shareholders' Funds			13,190		10,551
Subordinated Loans	16		3,786		3,786
			16,976		14,337

SOURCE AND APPLICATION OF FUNDS

The summarised consolidated sources and applications of funds of the Group for the periods covered by this report are as follows:—

	1974	1975	1976	1977	1978	Six months ended 30th June 1979
	Years ended 31st December (Amounts in thousands of Guilders)					
Source of Funds						
Profit before taxation	1,549	1,162	1,686	4,393	3,417	3,732
Adjustment for items not involving movement of funds:						
Depreciation and amortisation	315	370	429	494	1,004	614
Change in product warranty provision	298	671	(268)	1,442	1,413	(270)
Change in deferred tax	92	285	119	(258)	196	242
Total generated from operations	2,254	2,488	1,975	6,071	6,030	4,318
Funds from other sources:						
Proceeds of sale of fixed assets	27	17	129	119	138	73
Long term debt	713	2,750	4,012	83	6,000	357
	2,994	5,255	6,116	6,273	12,168	4,748
Application of Funds						
Repurchase of Ordinary Shares	43	—	—	—	—	—
Repayment of long term debt	94	396	298	968	3,299	286
Increase in unquoted investment	4	74	35	137	50	—
Taxation paid	1,086	656	588	1,060	1,600	91
Purchase of intangible assets	—	—	—	—	635	—
Purchase of fixed assets	1,378	605	474	1,596	4,334	3,251
	2,607	1,731	1,395	3,761	9,918	3,628
Net increase in working capital	387	3,524	4,721	2,512	2,250	1,120
Increase/(decrease) in working capital:						
Stocks	4,772	1,866	2,309	(3,893)	7,108	308
Debtors	1,839	(994)	(289)	3,892	1,808	2,267
Creditors	(1,812)	2,065	(228)	(1,812)	(1,188)	(3,193)
Movement in net liquid funds:						
Cash in hand and on deposit	(412)	313	(113)	2,525	(1,006)	503
Overdraft	(4,000)	784	3,013	1,810	(4,492)	705
	387	3,524	4,721	2,512	2,250	1,120

NOTES:

1. **Accounting Policies**

The principal accounting policies of the Group which have been applied consistently throughout the period covered by this report are as follows:—

(a) The accounts have been prepared under the historical cost convention.

(b) The accounts of foreign subsidiaries, as well as assets and liabilities denominated in foreign currencies, are translated at rates of exchange ruling at the balance sheet date. All gains or losses therefrom are taken in determining the trading profits.

(c) Stocks and work in progress are valued at the lower of cost (including factory overheads where appropriate) and net realisable value.

(d) Except for freehold land, fixed assets are depreciated principally on a straight-line basis at the following rates per annum:—

Buildings	3.3%
Machines, installations, furniture and fixtures	5–10%
Motor vehicles	33.3%
Other	20–25%

(e) Research and development costs are written off in the period in which they are incurred.

(f) Deferred taxation is provided on all timing differences.

(g) Investment allowances are treated as a reduction of taxable income in the year of capital commitment and the year thereafter in accordance with Dutch taxation provisions.

(h) Provision is made, on the basis of sales, for the estimated future liability under product warranties up to a maximum of the Company's uninsured risk relating thereto.

(i) Investments in subsidiaries are stated at cost in the Company's balance sheet.

2. **Sales**

Sales represent sales to third parties excluding intra-group sales.

3. **Cost of sales**

This includes:

	1974	1975	1976	1977	1978	Six months ended 30th June 1979
	Years ended 31st December (Amounts in thousands of Guilders)					
Depreciation and amortisation (Notes 8 and 9)	315	370	429	494	1,004	614
Research and Development	2,089	3,173	3,245	4,387	4,974	2,568
Directors' Emoluments	222	233	271	279	283	156
Bank Interest	658	670	378	566	614	412
Other Loan Interest	255	563	742	857	684	271
Auditors' Remuneration	129	152	152	189	224	125

4. **Taxation**

[illegible]

5. **Deferred Tax**

[illegible]

6. **Dividends**

[illegible]

7. **Earnings per share**

[illegible]

8. **Fixed assets**

[illegible]

9. **Intangible assets**

[illegible]

10. **Subsidiaries**

[illegible]

11. **Stocks and work in progress**

[illegible]

12. **Overdraft**

[illegible]

13. **Long Term Debt**

The long term debt at 30th June, 1979, all of which related to subsidiaries, was as follows:

	(Amounts in thousands of Guilders)	
Mortgage loan		
8·5% loan, repayable in equal annual instalments in the years 1980 to 1986		6,030
Other loans		
5% loan, repayable in the years 1980 to 1984	956	
12·5% loan, repayable in the years 1979 to 1983	228	
Other loans	5	
	1,189	
Repayments due 1st July, 1979 to 30th June, 1980	80	1,109
		7,139

The mortgage loan is secured by a first mortgage on property and plant, stated at net book value of D.Fls.5,780,425.

14. **Share Capital**

Issued and fully paid-up share capital at 30th June, 1979 totalled 82,978 Ordinary Shares with a nominal value of D.Fls. 10.0 per share.

Of these shares 400 were repurchased in recent years at a cost of D.Fls. 43,000. The amount paid above the nominal value was deducted from the Share Premium Account.

Certain members of the management of the Group had options to purchase a total of 4,810 Ordinary Shares of D.Fls. 10.0 at a price of D.Fls. 107.50 all of which were exercised on 24th September, 1979.

On 28th September, 1979 each of the 87,388 Ordinary Shares of D.Fls. 10.0 were subdivided into 40 Ordinary Shares of D.Fls. 0.25.

On 16th October, 1979 the whole of the 11% Subordinated Convertible Loan Notes were converted into Ordinary Shares (see note 16). The total number of the issued Ordinary Shares of D.Fls. 0.25 is therefore 3,796,344.

15. **Reserves**

Movements on reserves of the Group during the period covered by this report have been as follows:—

	1974	1975	1976	1977	1978	Six months ended 30th June 1979
	Years ended 31st December (Amounts in thousands of Guilders)					
Balance at beginning of period	2,203	2,884	3,564	4,332	6,600	8,746
Retained profit for period	681	680	768	2,268	2,146	1,916
	2,884	3,564	4,332	6,600	8,746	10,662

16. **Subordinated Loans**

Subordinated loans, all of which relate to the Company were as follows at 30th June, 1979:—

	(Amounts in thousands of Guilders)
(a) 11% Subordinated Convertible Loan Notes repayable in the years 1979 and 1980	1,280
(b) 8% Subordinated Loan repayable in the years 1979 to 1985	3,718
	4,998
Repayments due 1st July, 1979 to 30th June, 1980	1,212
	3,786

The whole of the 11% Subordinated Convertible Loan Notes were converted into 300,824 D.Fls. 0.25 Ordinary Shares on 16th October, 1979.

17. **Capital and other Commitments**

[illegible]

Yours faithfully,

PEAT, MARWICK, MITCHELL & CO.

APPENDIX II

PROFIT FORECAST

[illegible]

APPENDIX III

EFFECT OF THE PLACING ON THE BALANCE SHEET OF THE COMPANY

[illegible]

APPENDIX IV

GROUP PROPERTIES

[illegible]

APPENDIX V

STATUTORY AND GENERAL INFORMATION

1. **SHARE CAPITAL**

(i) At 16th October 1977 (being the date two years immediately preceding the date of this document) the authorised share capital of the Company was D.Fls. 2,000,000 divided into 200,000 Ordinary Shares of D.Fls. 10.0 par value per share. The issued and fully paid share capital was then D.Fls. 82,978 being 82,978 Ordinary Shares of D.Fls. 10.0 par value per share less 400 such shares which had been previously purchased by the Company.

Immediately prior to or on the date of this document, the following alterations, or material transactions, in the share capital of the Company took place:—

(a) on 24th September, 1979 4,810 Ordinary Shares of D.Fls. 10.0 par value per share in the Company were issued following the exercise of options by a Member of the Managing Board, three members of the senior management and a consultant to the Company for a total consideration of D.Fls. 517,075;

(b) on 28th September, 1979 each of the Ordinary Shares of D.Fls. 10.0 par value per share was sub-divided into 40 Ordinary Shares of D.Fls. 0.25 par value per share;

(c) on 3rd October, 1979 Grindlay Brandts Limited agreed to purchase, subject to certain terms and conditions, 173,323 Ordinary Shares of D.Fls. 0.25 from the group of U.S. investors referred to on page 5 of this document ("the U.S. Investors") at a price of D.Fls. 7.50 per share. This agreement (see paragraph 9 (iv)) contains certain restrictions on the disposal by the U.S. Investors of their remaining shares for a limited period;

(d) on 16th October, 1979, 300,824 Ordinary Shares of D.Fls. 0.25 par value per share were issued credited as fully paid following the exercise of conversion rights by the U.S. Investors; and

(e) on 16th October 1979 Grindlay Brandts Limited agreed to purchase or subscribe for 572,000 Ordinary Shares of D.Fls. 0.25 par value each in the Company, upon the terms and conditions set out in the Agreement referred to in paragraph 4 of this Appendix.

(ii) Save as disclosed herein:—

(a) no share or loan capital of the Company or of any of its subsidiaries has been issued within the two years immediately preceding the date of this document or is now proposed to be issued fully or partly paid, either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company or by any of its subsidiaries within the said two years in connection with the issue or sale of any share or loan capital of such companies; and

(c) no share or loan capital of the Company or of any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(iii) Save as disclosed herein, no material issue of shares of the Company (other than to shareholders pro rata to their existing shareholdings) will be made within one year of the date of this document without prior approval of the Company in general meeting.

(iv) No issue of shares which would effectively alter the control of the Company will be made without prior approval of the Company in general meeting.

2. **THE SUBSIDIARIES**

The Company has the following subsidiaries all of which are owned directly or indirectly one hundred per cent:—

Subsidiary	Location	Country of incorporation	Date of incorporation	Issued and fully paid share capital	Nature of business
Vitatron Beheers-maatschappij B.V.	Dieren	The Netherlands	2nd July, 1973	D.Fls. 1,200,000	Group management and holding company
Vitatron N.V.	Willemstad	Curaçao N.A.	22nd May, 1975	U.S. $12,000	[illegible]
Vitatron Medical B.V.	Dieren	The Netherlands	6th February 1968	D.Fls. 77,000	Manufacture and sale of pacemakers and related equipment
Vitatron Medical GmbH	Cologne	German Federal Republic	12th July, 1978	DM 200,000	Sales of pacemakers, electrodes and test equipment
Vitatron Medical SARL	Paris	France	1st June, 1979	FF 500,000	Sales of pacemakers, electrodes and test equipment
Vitatron Medical A.B.	Södertälje	Sweden	15th January, 1973	SKr. 50,000	Sales of pacemakers, electrodes and test equipment
Vitatron Medical Inc.	Boston	U.S.A.	3rd June, 1969	[illegible]	Sales of pacemakers, electrodes and test equipment
[illegible] Incorporated	San Diego	U.S.A.	7th March 1977	U.S. $15,000	Manufacture and sale of semi-conductors [illegible]
Vitatron Scientific B.V.	Dieren	The Netherlands	28th December, 1976	D.Fls. 1,200,000	Manufacture and sale of laboratory [illegible]
Vitatron GmbH	Cologne	German Federal Republic	11th September 1969	DM 100,000	Sale of laboratory equipment and [illegible]
Vitatron France SARL	Paris	France	17th April 1969	FF 100,000	Sale of laboratory equipment and [illegible]
Vitatron U.K. Limited	Maidenhead	England	21st June 1977 (Name changed to Vitatron U.K. Limited on 13th July 1978)	£ 10,000	[illegible]

3. **CORPORATE AND OTHER LEGAL PROVISIONS AFFECTING THE COMPANY INCLUDE THE FOLLOWING:**

[illegible]

4. **CONTRACT WITH GRINDLAY BRANDTS LIMITED**

[illegible]

5. **BOARD AND OTHER INTERESTS**

[illegible]

6. **MATERIAL CONTRACTS**

[illegible]

7. **LITIGATION**

[illegible]

8. **GENERAL INFORMATION**

[illegible]

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

[illegible]

Dated 16th October, 1979.

LOMBARD

Open government and forecasts

BY PETER RIDDELL

THIS COLUMN should really be accompanied by a Bateman-like cartoon showing the expressions of surprise when someone dared to question whether publication of Treasury economic forecasts has had desirable results. The point was recently raised among a group of half-a-dozen concerned directly with either carrying out or reporting economic policymaking. The challenge came from an eminent policymaker who is by nature open-minded and not secretive.

Judgment

His main point was to question whether the Bray amendment—the clause in the Industry Act requiring the Treasury to publish detailed economic projections at least twice a year—had not been counter-productive. On this view, moves towards greater openness increase the danger of undermining the integrity of the forecasters and of the forecasting process.

This argument rests on the view that economic forecasting is not a simple mechanistic exercise in which a button is pressed and an unchallengeable series of projections emerge at the other end. Instead, forecasting is much more of an art in which judgment has to be constantly applied to the assumptions and to the forecasting relationships within the model. The result is a whole series of possible froecasts.

Forecasting is also highly political in that the results can be controversial and are always watched closely by ministers and, of course, by outside commentators. There is thus the possibility that pressures for greater openness will lead to the publication of the most politically acceptable variant of the forecasts while another more realistic variant is used for internal policy decisions.

This danger arises particularly when there is a formal pay policy. For instance, the Treasury forecasts published last autumn assumed the successful implementation of the Callaghan Administration's 5 per cent wage limits which were already largely discredited. It is difficult to believe there were not more realistic internal projections within the Treasury.

The view that the whole process of forecasting may be corrupted by political pressures has some plausibility but it does not justify any reversal of the trend toward openness. The answer of the more cynical Whitchall practitioners is to argue for publishing everything and to let outsiders wallow in the mounds of paper. This is essentially the U.S. approach in which any individual projections (however sensitive) do not have the public impact which the more limited publication of forecasts has in the U.K.

My own view—as a consumer rather than a producer—is to start from *the point of principle* that the data on which policy decisions are based should be published. Moreover, even if this appears hopelessly idealistic in practice and Treasury forecasts may not always, or perhaps *ever, present a "true and fair view"* because of political pressures, even the published projections reveal a lot about how Treasury officials view the economy. Hence the Bray forecasts with all their limitations are useful for an outsider and can be compared with the many other forecasts published nowadays.

Techniques

This is not just an academic debate as the issues are of immediate concern to both the Bank of England and the Treasury. The Bank has just published a 120-page description of its forecasting model of the economy and it is now considering whether to reveal the actual forecasts. Meanwhile Tory Ministers are wondering what to do about the Treasury's large forecasting side. This partly concerns the resources devoted to forecasting but also involves the way in which the projections are published.

Sir Geoffrey Howe and his colleagues have made no secret *of their scepticism about either* of their scepticism about both of conventional forecasting techniques. While Ministers may be keen to separate their policy statements from these forecasts, the two will never be divorced completely, at least as long as many Treasury officials themselves are wedded to the black box and its projections. So even if only one or two of Whitehalls' veils of secrecy are lifted this is better than nothing.

The art of divide and rule

GARDENS TODAY

BY ROBIN LANE FOX

CHOOSE WHAT you like and grow plenty of it: this principle of planning a garden keeps turning up and seems like advice for rich men only.

A newly-converted gardener writes to complain about it, amongst much else. She has a sandy soil which allows her husband to tell her that gardening is light work, so she can be expected to do it for him. Last year, she grew two boxes of perennial blue flax from seed and found that they grew like groundsel.

This surprised her, as she first read about flax from seed in this column, which she had never believed to be as reliable as the racing tips under it. So she has massed this glorious blue flax—Linum in your seed catalogues—in groups of 20 in the front row of a long border. I would advise all flax-fanciers, incidentally, to cut their plants back hard in August after their first long flowering. This encourages a good second crop whose deeper colour in the weaker sunshine I am still enjoying now.

Between the flax, however, my correspondent has too much bare earth which is looking expensive. She likes phlox, agapanthus, day lilies and paeonies, as do we all. By planting a lot of what she likes at a high density, she would end up with a bill of £300 and a battle with her husband who wants it all for his claret. How, then, can she do more than choose the widest-spreading shrubs, ignore my principle and plant in ones and twos with cheap annuals in between?

It is time, of course, for her to learn to divide and rule. The moment comes for all newish gardeners. Often they shirk it. A good plant of the right type can be dug up, split and replanted, giving you 10 or 20 pieces for the cost of one, and three years' patience.

It is a simple job and sounds self-evident. To split a plant, you surely just dig a spade or trowel into the side or middle, chop off a piece with a root and re-plant where you want it to stand.

But like all simple jobs, it can be done well or badly. Anyone can divide a michaelmas daisy without coming to harm. But if you had to decide whether to divide an anchusa or an evening primrose, when best to split an iris and whether phlox come best from a cutting, I doubt if you would always be sure of your reply.

The next month, for most things, marks the start of the season for splitting. This is particularly true of the paeony. *If you want to increase your stock, set about it now.* Woody tree paeonies, on the whole, are not readily split up, but others, especially the heavy-flowered border kins, are well suited.

Do not be too disturbed by the old saying that paeonies resent disturbance. If you dig deeply round the one you wish to divide, you can undercut its roots and lift it up without damage. Do not rush the job, but remember that it is quite easy.

Once you have a large old clump on the surface of the ground, do not set about it with a pick or a sharply swung spade. The old trick is still the best. Stick two garden forks back to back into the centre of it and lever them gently apart, until their handles are flat on the ground. They will pull the roots with them and make a cleaner and deeper job than any tugging by hand or random slicing with a sharp spade. Once you have manageable lumps, you can split them into tens with a knife.

Hostas and day-lilies are especially suited to the two-fork treatment. Now that they cost so much and divide so easily, the trick is worth using.

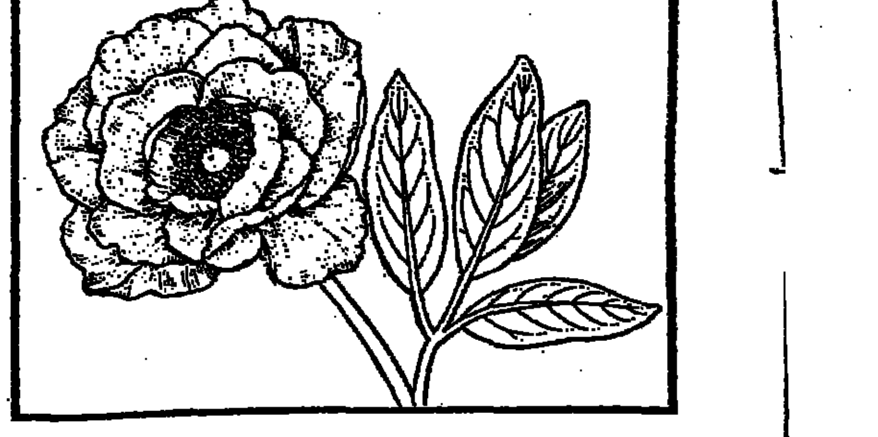
Generally, make use of the younger stock outside the old and knotted centre of the clump. With a phlox or michaelmas daisy this is easily seen. *These* fibrous roots are like a mat, ready to be teased into threads — even so, I have seen gardeners split up the old centres and then sweep the young bits away at the end into a wheelbarrow.

The future, of course, lies with the young shoots at the edge, so you should save them. They are one reason why plants with fibrous roots are best divided in spring. The outer shoots are then sprouted and there is no heavy wet winter ahead to upset them before they have settled down.

If you want to split a daisy-flowered plant into dozens of new ones, and if you live on a heavy soil, you are advised to wait until March. I am thinking particularly of plants like pyrethrum and gaillardia, white shasta daisies and the best sorts of aster. The tougher ones will look after themselves.

What about the timing for an iris? It is a frequent problem. Irises should be split after flowering, but the expert will prefer to wait for a month, until about mid-July, so that the rhizomes have built up to full strength after the flower is over. Their mats can be cut up with a sharp spade and will not suffer.

You often see the newly-planted fans of an iris with the leaves cut back to some six inches above ground in August. This is not an old gardener's trick for neatness alone. The removal of old leaves helps the new piece to grow away, something which applies to all other early-flowering plants, from primrose to sweet-rocket, which can also be split in early summer.



If you want to increase your stock of paeonies now is the time to start splitting them up.

Be sure to water young pieces in dry weather. It is oddly easy to think that they can fend for themselves on their own roots.

What cannot be divided well? Delphiniums are not suitable, though I have divided them and regretted the results. Phloxes are a special case. Sometimes, you will see that the young leaves are twisted and the plant is unhappy. It is not old or dry. It is probably suffering from eelworm which lives in the upper crown. Division takes them with it, so it is best to use cuttings from the roots. These root-cuttings are free of worm, though the pest may move in later.

For the rest, the rule is straightforward. If the plant has a long tap root, like a dandelion or an anchusa, you should divide the root into short pieces some two inches long. These will sprout if kept damp and buried for their full length in a sandy soil. Their top *growth*, however, cannot be divided as you will end up with next to no root.

Almost anything with flowers like a thistle or with big hairy or furry leaves will only be divisible through root-cuttings. Look out, then, for tap roots before you start slicing up the anchusas and other relevant plants.

Divide and rule is a sound and simple principle, the base of any good garden in these days when plants are £1 apiece. But be sure you know where such a division is best applied.

Follow Pat Eddery at Haydock

RACING

BY DOMINIC WIGAN

PAT EDDERY'S hopes of regaining the jockeys' championship, taken from him by Willie Carson last autumn, were ended by midsummer as the inmates of the Seven Barrows stable fell victim to the virus. Nevertheless, he has enjoyed a highly respectable season.

His 120 successes have included an easy Oaks victory on Scintillate, and he has shown himself to be firmly entrenched at the top of his profession.

I feel confident that further evidence of this will be forthcoming at Haydock today.

Eddery has several likely looking mounts on the Lancashire course. It could well be that Northern racegoers will see him in the frame on Jack Hardy's Mannerism, the John Dunlop-trained Mill Wind, as well as on his own stable's Caridwen and Prince Heritier.

First of the four to race is Mannerism, among the runners for the Maple Selling Nursery. A grey son of Saritame, the somewhat lightly made colt responded to good support in the hands of Eddery when taking advantage of a 6 lbs concession from market rival, Sandford Rose in a similar event over a mile at Pontefract on September 26.

A few days later, Mannerism went to Newmarket for a far more competitive race, the Lonsdale Stakes. He was again ridden by Eddery, and put up another good performance. But that time he was giving the weight and Lhoti, receiving 8 lbs, proved too good.

In the belief that Mannerism *was attempting a tough task* there and that he did extremely well to finish just one-and-a-half lengths off the winner, I have no hesitation in picking him to win in today's less exacting company.

Another of Eddery's mounts in fine form recently has been Caridwen, the winner of a maiden event at Folkestone.

In contrast to Mannerism and Caridwen, Prince Heritier and Mill Wind have yet to win. But both possess ability, and I hope they will land the respective divisions of the Chestnut Maiden Stakes.

I have much regard for the tall English Prince bay, Prince Heritier, who showed his first worthwhile form at York last month. Although the one-and-a-half miles of today's race is almost certainly on the sharp side for him, his class should carry him through.

HAYDOCK

2.00—Mannerism**
2.30—Wallawalla
3.00—Caridwen
3.30—Explosiva
4.00—Prince Heritier***
4.30—Shoe
5.00—Mill Wind*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Think of a Number. 5.00 John Craven's Newsround. 5.10 Grandad.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.20 Nationwide from Belfast.
6.45 Angels.
7.10 Star Trek.
8.00 Mastermind.
8.30 Rings On Their Fingers.
9.00 Party Political Broadcasct by the Labour Party.
9.10 News.
9.35 The Risk Business.
10.10 Sportsnight.
11.00 News Headlines.
11.02 Michael Parkinson.
12.00 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Scotland—12.40-12.45 pm Scottish News. 5.55-6.20 Reporting Scotland. 10.10-11.00 International Sportscene (Scotland v Austria highlights). 12.00 News and Weather for Scotland.

Wales — 11.02-11.22 am I Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05 *Pawb Yn Ei Fro.* 7.35 Angels. 8.00 Tom and Jerry. 8.05-9.10 Soccer: West Germany v. Wales. 9.35 Soccer. 10.10 Party Political Broadcast. 10.20 Mastermind. 10.50 Rings On Their Fingers. 11.20 The Risk Business. 11.55 News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Six. 8.30-9.00 Spotlight on Northern Ireland Affairs. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

7.05-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
5.40 Open University.
6.55 *The Secret Listeners.*
7.25 Mid-evening News.
7.30 The Old Grey Whistle Test.
8.05 The Book Programme.
8.30 Discovering English Churches.
9.00 Party Political Broadcast
9.10 M*A*S*H.
9.35 Ripping Yarns.
10.05 The Camerons.
11.00 Open Door.
11.30 Late News on 2.

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel News Headlines, What's On, Where, and Weather. 5.00 Puffin's Birthday Greetings. 5.05 Kum Kum. 5.30 Solo One. 6.00 Report at Six Extra. 7.00 Big Valley. 7.55 Bailey's Bird. 8.25 Feature Film: "New Original Wonderwoman." 9.45 Channel Late News Headlines and Weather. 9.50 Bluey. 10.45 News in French.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
† Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 3.45 David Hamilton (S) (continued from Radio 2, 2.15 pm). 4.15 Much More Music (S). 5.00 With Radio 2. 9.02 Green On . . . Rodgers: Benny Green talks about Richard Rodgers (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony *Brandon (S).* 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 3.45 Soccer Special: Northern Ireland v England. 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 Soccer Special (West Germany v Wales). 10.02 The News Huddlines with Roy Hudd. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests, part 1 (S). 8.00 News. 8.05 Records, part 2. 9.00 News. 9.05 This Week's Composers: The Court of Dresden (S). 9.45 Music for Organ (S). 10.20 Parikian-Fleming-Roberts Trio concert, part 1 (S). 11.05 Interval Reading. 11.10 Concert, part 2. 11.55 BBC Scottish Symphony Orchestra (S). *1.00 pm News. 1.05 Concert Hall (S).* 2.00 Music Weekly (S). 2.50 Fifty Years of British Music concert, part 1 (S). 3.35 Interval Reading. 3.40 Concert, part 2. 4.30 Music-making (S). 5.10 Young Music-makers (S). 5.25 Homeward Bound (S) including 5.45-5.50 News. 6.15 At Home: Benny Goodman—a musical profile (S). 7.10 BBC Symphony Orchestra (S). 8.20 Six Continents. 8.35 Music for One and Two Guitars (S). 9.05 Scientifically Speaking. 9.50 Music for Oboe and Piano (S). 10.50 Music in Our Time (S). 11.55-12.00 News.

VHF only—6.20-7.00 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; *7.00, 8.00 Today's News;* 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.45 The Pavilion on the Links. 9.00 News. 9.05 Mid-week with Russell Harty. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Lacquer Lady. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 *The Small, Intricate Life of Gerald C. Potter.* 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping *Forecast.* 5.55 Weather; programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 "The Great Steeplechase Race" (comedy by Matthew Walters). 8.45 File on 4. 9.30 Kaleidoscope: The Lyric, Hammersmith. 9.59 Weather. 10.00 The World Tonight. 10.30 Transatlantic Quiz. 11.00 A Book *at Bedtime.* 11.15 *The Financial World Tonight.* 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Turn Up the Volume ("Far From the Madding Crowd"). 8.45-5.00 am Join Radio 2.

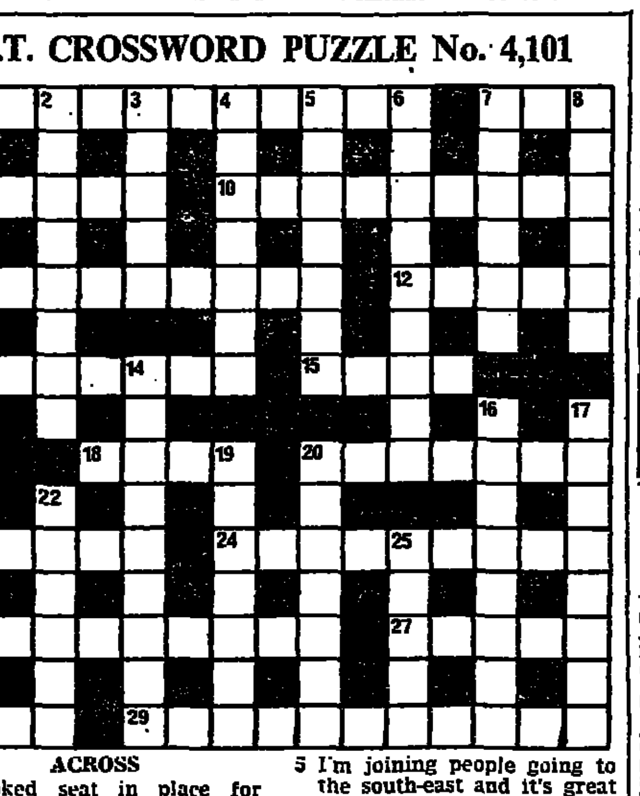
London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports with Sue Jameson and Alan Clark. 8.00 Jazz After Eight with Keith Howell. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Alan King. 4.00 Jazz in Stereo. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,101



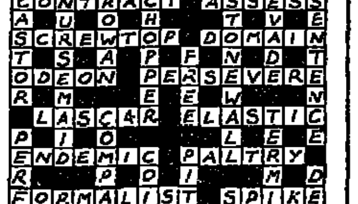
ACROSS

1 Booked seat in place for game (11)
7 and 28 Collect gun going to female (6)
9 Sergeant Major accepts conflict in colony (5)
10 Sentence to place before meeting in chronological publication (4-5)
11 Courtesy call when soldiers are at ease (9)
12 Exercises around meadow or fold (5)
13 Short letter to mature race (7)
15 Observe the telepathic power of youth leader (4)
18 Work to and fro at stern of ship (4)
20 Odd way to the mountains (7)
23 We get an internal strike and turn pale (5)
24 Missile base in the plant (9)
26 Eject sailor facing the other way (9)
27 Watch Mr. French in the middle of the row (5)
28 see 7 Across
29 Cost of getting down? It could be explosive! (5-6)

DOWN

1 Roguish branch of army confederate (8)
2 Beginning to sing about a sweet if vulgar girl (8)
3 Italian capitalist (5)
4 A way to travel—on horseback? (7)
5 I'm joining people going to the south-east and it's great (7)
6 Writing material for musicians? (9)
7 Mouthful allowed from *drinking vessel* (6)
8 Agreement to attempt to dine within (6)
14 A drive at Wimbledon in advance (9)
16 Nark has it in for me and King (8)
17 Torn loose but it's a cheap way to live (4-4)
19 It could be a starter in thick fog (3-4)
20 Extend term of imprisonment (7)
21 Change the crone from the south (6)
22 Glasspaper? (6)
25 In a word, look out for 27 (5)

Solution to Puzzle No. 4,100



ENTERTAINMENTS GUIDE

OPERA AND BALLET

COLISEUM. Credit Cards. 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA [illegible]

COVENT GARDEN. CC. 240 1066. [illegible] THE ROYAL BALLET [illegible]

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. [illegible]

THEATRES

[illegible]

DRURY LANE. CC 01-836 8108. Evs. 8.00. Mats. Wed. 3.00. Sat. 5.45. 8.45. THE FAMILY SHOW is "back where it belongs" at DRURY LANE. "If you haven't seen CAROL CHANNING you haven't seen HELLO DOLLY! D. Mail also starring EDDIE BRACKEN "Funny and intelligent." F. Times HELLO DOLLY "A DREAM COME TRUE." F. Times HELLO DOLLY "Dazzling." D. Mail "MAGICAL." S. Express Seats £2-£8

[illegible]

ROYAL COURT. 730 1745. Prevs. from Tomor at 8. Opens Tue 7. Subs 8. World Premiere of David Lan's SERGEANT OLA AND HIS FOLLOWERS

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Soho Poly Prod. of SUS by Barrie Keeffe. Last Week Evs. 7.30.

ROYALTY THEATRE, Portugal Street. Kingsway, WC2. Tel. 01-405 8004 'S'. CC. New York's smash hit "for COLORED GIRLS Who Have Considered Suicide When The Rainbow is Enuf"

[illegible]

CINEMAS

[illegible]

THE ARTS

Leicester Haymarket

An Early Life

by MICHAEL COVENEY

Having seen only the odd five minutes of Frederic Raphael's TV series *The Glittering Prizes*, I approach a stage adaptation of part of it in a state of virginal objectivity. The hero, you remember, is a Jewish classical scholar, Adam Morris, who goes up to Cambridge in the early 1950s. Jonathan Miller once declared that, although he was Jewish, he was not a Jew; he did not go the whole hog. The same could be said of Adam, who dismisses the mumbo jumbo of orthodoxy but is *violently sensitive to anti-semitism* among the English gentry.

Adam is assigned to rooms in Trinity which he is to share with Donald, a hearty Christian with a home in the country and an uncle who found Goering a sociable chap. The action unfolds as an examination of Adam's uneasy but robust friendship with Donald. It is tested when he walks straight into a genteel outburst of anti-semitism at *Donald's home. But the offending* Lady Frances binds Adam to his duty by Donald when it is revealed that her son is dying of lukaemia. Donald is wavering spiritually, as well, for Adam has exerted a strong influence in *Cambridge of logic, free* thought and the devastating statistics of the Kinsey Report.

While Donald grapples painfully with the challenge to accepted values, the mercurial Adam is sexually liberated by Barbara (Pippa Guard), a trainee teacher presented in stark relief to the stone-walling tease of the girlfriend back home, used by Adam and Mr. Raphael as yet another symptom of repressive Jewish mores.

Within this dramatic framework, the writing bustles in Mr. Raphael's characteristically smart fashion: the tease is *informed by Adam that, while* Oxford may be the city of dreaming spires, Cambridge is the city of perspiring dreams: a student colleague, on surmising that simultaneous orgasm with Barbara is "coming later" is reminded by the silver-tongued Adam that, no, simultaneous orgasm is "coming together."

There is not quite so much steely precision about the stagecraft. Michael Meacham's *production grapples manfully with* the problems, but has to resort to an awful amount of trundling sets and snippety, inconsequential scenes. Donald's onset of sudden black-outs, for instance, is needlessly overemphasised and, at the beginning, Adam's outrage at a chaplain's anti-semitic remark should not need two scenes, one in chapel and one in a house-master's office, to register. When the stage is at last fully used—in Lady Frances's drawing room and, finally, in a church in Rome where Adam and Barbara lament Donald's death in a startling evocation on a bare stage of stained-glass window, candles and penitential echoes—the effect is stunning.

As Adam, Malcolm Sinclair turns in a really marvellous performance. *Less languid,* more volatile than his TV predecessor, Tom Conti, Mr. Sinclair combines a clipped and self-conscious mode of delivery with a real depth of passion. It is a lithe and accomplished piece of work that is not at all disgraced by the detailed contributions of Geoffrey Burridge as the doomed room-mate and Pippa Guard as the girlfriend.

Pamela Lane is excellent as Lady Frances, horrendous but peculiarly sympathetic, and there is suave support from Gerald Sim as her clerical brother. No Catholic priest, however, would discard his dog-collar in favour of tweeds and neck-tie. That blunder apart, Anne Lodge's costumes are nostalgically accurate.

Geoffrey Burridge, Pippa Guard and Malcolm Sinclair

Paris Opéra

Taglioni's Sylphide

Marie Taglioni's appearance as the sylphide, in the ballet which her father made for her in 1832, is one of the central events in ballet history, rivalled only in importance by the arrival of the Diaghilev Ballet Russe in Paris in 1909. With Taglioni romanticism triumphed. Amid vaporous white draperies, sustained by a brilliant technical apparatus, Taglioni initiated a new image for the female star—decorous, aerial, an illusion dreamed by the romantic consciousness. But, and such is the common fate of ballets, the staging in which Taglioni floated to that pre-eminence which she still retains in the 19th century ballet, has been long lost, as has her particular and lovely style. The *Sylphide* we now know is the Bournonville version, owing nothing save its theme to the Paris creation of four years earlier, and happily preserved through continuity of performance as a precious example of the romantic dance.

In 1972, Pierre Lacotte conceived a television version of *La Sylphide* which sought to restore something of the Taglioni version. Extensive research, the discovery of choreographic notes, programme material, illuminated both the text which Filippo Taglioni created and the steps which his daughter Marie danced. With Ghislaine Thesmar as the sylph and Michael Denard as James, the TV production was then acquired by the Opéra, and has this season returned to the repertory again. I saw it on Friday night, and very intriguing it is. Inescapable comparisons have to be made with the Bournonville version, and all are in favour of the *Danish* master's adaptation. Without false pride he noted in his memoirs: "not only is my ballet completely different from Taglioni's—it even wins the prize *as* far as dramatic merit and precision of execution are concerned." True indeed.

In Bournonville's production we admire a dramatic coherence, a sense of proportion and a dramatic vivacity in the conflict of the characters, which are not manifest in this grander, more operatic Lacotte reconstruction. The staging provides extensive and elaborate numbers for Effie's friends, for groups of sylphides, extended *pas de deux for* the sylph and James, which miss all the impetus and narrative vitality of Bournonville. The merit of Lacotte's researches has been in the evocation of Marie Taglioni's dance style and vocabulary of steps. *In this he is much* aided by the exquisite dancing of Ghislaine Thesmar, the sylph of the evening, with Rudolf Nureyev as her James. Thesmar has the sweetness of temperament, the effortless speed and clarity in *allegro* that every contemporary account ascribed to *Marie pleine de grace.* It is something of an omission in the staging that there is little insistence upon those floating jumps which made Taglioni seem to her contemporaries to be a creature of the air: in everything else Thesmar seems to drift and poise deliciously in attitudes immortalised by the lithographs of the period. She catches all the caprices of the character; its charming changes of feeling from tears to joy, as also the pretty leaning attitudes of the body, that we know from the iconography of the Romantic ballet. Nor is her reading merely a series of tableaux vivants: she makes the sylph a convincing character as well as an act of stylistic homage.

No care has been spared in seeking to make this reconstruction "like." The original Ciceri designs have been revived by Marie-Claire Musson, and look very attractive, notably in the beautiful forest glade of Act 2, with flying sylphs to enhance its mystery.—The original Schneitzhoeffer score is there, and, apart from *a fine overture, is* pedestrian stuff. And as a ballet, the piece sprawls—the evening lasts 2½ hours with one interval—because it so lacks emotional impulse. Its most compelling scene is an interpolated pas de trois from Filippo Taglioni's *L'Ombre* (St. Petersburg, 1839) which was added to the *Sylphide* staging for Taglioni's later performances, in which James is seen torn between the rival demands and attraction of the sylph and Effie. Rather modern in expression, but ingenious, it misses the innocence which I suspect was a characteristic of the romantic ballet of the period. Nevertheless, it contains *a dramatic tension nowhere else* manifest in the evening: we sense how James, as the archetypal romantic hero, is torn between the delights of illusion and the calls of reality. As James, Nureyev produces the kind of virtuoso dancing we have now come to expect from him. Remarkable in its force and nervous intensity, it is given on one note of harsh brilliance, without nuance or dynamic light and shade.

The other principal roles remain cyphers. Whereas, in the Danish version, Effie, Gurn, Madge, have remained part of a living aesthetic and interpretative tradition in performance, and have thus acquired an essential dramatic resonance, the Opéra characterisations exist without roots or justification, and lose thereby in emotional effectiveness. Not once could I believe in this Paris staging as a serious comment upon a crucial era in Western ballet. Bournonville can make us believe at all times in a dilemma of feeling, in a crisis that affected not only James, but was symptomatic for many artists of the Romantic age. Which is why Bournonville's *La Sylphide* lives still as a work of art, and the Lacotte/Taglioni reconstruction is a museum exhibit.

CLEMENT CRISP

Talk of the Town

Marti Caine by ANTONY THORNCROFT

Marti Caine looks like a comedienne. With her fighting and red hair topping a long lean body she is the Swan Vesta of humour, quite able to laugh at herself as well as her audience. So more the pity that her talent should be sat upon by the commercial needs of the Talk of the Town.

For better or worse this is probably *London's* top night spot. Well it is certainly the largest. Its success is built around tourists and there they were on Monday, apparently quite happy with the 1950s floor show and the computerised food. There is no way in which the assorted foreigners are going to understand the subtleties of Miss Caine's broad Yorkshire *humour so she hardly* bothers. She is left with a singing voice which is strong but unremarkable and a few dance steps left over from early days at the Carla Posthelthwaite Academy, Sheffield. She has the intelligence to bewail the limitation in her "Dont Talk, Just Sing" number, but that hardly excuses the wing-clipping. There is little point in Marti Caine without the good-natured self-abuse.

The songs were routine cabaret stuff—"Send in the Clowns," of course, and even "Mr. Bojangles." It was all pretty unnecessary, especially when two young boy dancers helped her through a few mild steps. Occasionally Miss Caine broke loose and spoke and when she did so the beleagured British tables laughed encouragingly. But in the main it was all rather tame.

Television

What happened to the well-made play?

by CHRIS DUNKLEY

Every time a new season of Play for Today starts on BBC-1 *the cry goes up: How long can* the single play last on television? The answer, judging from the first of the series which started last week, is: Not all that long, even though the BBC has taken on the highly successful ex-Nottingham Playhouse director Richard Eyre as producer. And the reason is that for the last ten years or so television's single plays—with rare exceptions—have been moving further and further away from what viewers actually want to watch.

Last week's opener was in many respects typical of what we have come to expect of the one-off TV play. Called *Long Distance Information* it was a slice-of-life which sought to give us the feel of a particular existence; that of an ageing disc jockey obsessed by the music of Elvis Presley and by anything else connected with the singer, right down to the decorations on his wedding cake. The sole dramatic event in the play was the death of the rock hero.

Written by Neville Smith who also played the central role of the DJ named Chris, the play was in its own terms (presumably) successful in that it did manage to convey an idea of one appallingly limited and therefore terribly sad life. Parenthetically it told us a little about the character of Chris's former wife, just as little about his supposedly clever daughter, and equally little about his girl friend who was also the production assistant on his regular local radio show.

(Incidentally Stephen Poliakoff can take the credit for pushing local radio presenters into the centre of current drama by writing *City Sugar*. The idea has been borrowed not only in *Long Distance Information* but also for a whole new BBC1 *series called Shoestring.)*

Technically the Elvis play was very nicely done: Stephen Frears' direction in the radio studio and dinner party scenes was subtle and telling. Furthermore, Smith and Frears both benefit from a virtue which is widespread in British television yet tediously absent from almost all European television and, surprisingly, from quite a large number of American programmes: the realisation that audiences now live in a post-Godard age and don't need endless linking passages showing car journeys, people going through doors, and so on. We can all accept jump-cuts now, even if *Face To Face* is proving that the great Ingmar Bergman has failed to notice the fact.

Long Distance Information had its merits. Yet it did inspire again the question: What has happened to the well-made play?

Whatever Eugene Scribe meant by the well made play (WMP) I mean a work which does not seek to convey only a sense of atmosphere or an impressionist notion of the emotional side of its characters (though it will almost certainly achieve both) but one which uses incident as its dynamic. The *sort of work, in fact, with which* men such as Sophocles, Shakespeare and Stoppard have managed to entertain millions of playgoers for a couple of millennia—and not only entertain them but uplift them, educate them, and make them think.

Why are so few plays of this sort written expressly for television? No doubt for a few production companies typified by Anglia TV will protest that their plays are never impressionistic slices of life, and it is true. But in those cases the trouble is usually the opposite: narrative line is all, as in Anglia's Roald Dahl adaptations last season. Character and the moral, social, political or historical considerations which are also essential to the WMP are as rare as is dramatic activity in so many one-off plays.

There is surely no single simple answer, but it is possible to identify four or five contributory factors.

First, though least convincing, it can be argued that plays with beginnings, middles and ends look incongruous on television surrounded by so many slices of real life in documentary, news and current affairs programmes. This would carry more weight but for the presence of so many sports broadcasts which fulfil most of the requirements of the WMP and do have beginnings, middles, ends, heroes, villains, and all the incident, synthesis and catharsis which is so often missing from today's single plays.

Second, most of the crowd of youngish writers who have been working for television in the last 15 years have been leftward-leaning and may well have felt the very concept of the WMP was embarrassingly *middle-class* and passé. *After* all, they are separated from the Coward/Rattigan tradition only by the British new wave of Osborne, Pinter, Wesker and so on.

Yet early on in his career Pinter was writing directly for television, and that brings us to the third point: television's standing as a drama medium is of much less significance now than it was in the early and *mid* Sixties. At that time our best young (and not so young) talent was only too eager to work for such a modern and vital medium. Tom Stoppard's first play, *Enter A Free Man*, was first produced on television. Now he works almost entirely in the theatre and when he does write a rare TV play *(Professional Foul)* it is a red-letter day, and the work shows up the other contemporary television plays for what they are.

Television has been impoverished by the movement of drama's centre of gravity *back into the theatre,* and even into radio. Listing the reasons for the move would take another article, but it surely had a lot to do with television's loss of nerve and the steady capitulation to the *cleaner-uppers. Such a retreat* might have been expected to leave television better and not worse disposed towards the conventional and therefore towards the WMP. But so much of the talent capable of giving us really worthwhile WMPs made itself scarce during the move.

The fourth factor is the undue and malign influence of the barmy minimalist movement, exemplified by most of the work *of Samuel Beckett whose Happy Days* on BBC2 on Saturday was (though it seems scarcely possible) even more tedious and soporific on television than it was at the Royal Court. What is more, with television the bravura nature of Billie Whitelaw's virtual monologue, lasting 1½ hours, became irrelevant: it *could* all have been done in dozens of separate takes. Slice of life plays are not all thoroughgoing minimalism of Beckett's sort, of course, but they are well on the way down that eventless road.

Yet I believe that the most important reason for the scarcity of WMPs on television is the existence in the same medium of a vast amount of narrative drama in those forms that television *has* made its own: series and serials. Here, particularly in the American material, the dynamic of incident referred to above is often allowed to run riot. Last week's *Roots*, for example, had the Ku Klux Klan firing a cross, marching through town, and burning down the Jewish draper's shop; young Haley working through his vacation as a Pullman conductor, discovering agitation for a black trade union and meeting a journalist who paid his way through college—and much more. *(Roots 2* is less embarrassingly didactic than *Roots 1*).

The Legend of King Arthur now running on BBC1 at teatime on Sundays, is similarly packed with incident, some of it, happily, honest to goodness magic. And *Angels*, which has been quietly transformed into the BBC's first twice-weekly soap opera, transmitted on *Coronation Street* nights, has dropped the old episodic form of self-contained stories and become even more narrative-conscious thanks to the need for cliff-hanger endings.

Penmarric latest in an endless line of Woman's Own style Cornish clifftop mansion yarns, is so busy with sequential events *that if you check your watch you* can miss five years. And *Prince Regent*, judged solely on the evidence of last week's episode, seems not only eventful but unjustly ridiculed by some commentators.

In conclusion: the well made play has, in a sense, fallen victim to the well made series. Yet if, like me, you have never believed that television is a proper substitute for the theatre any more than the theatre is a proper substitute for television, that fact will not distress you unduly.

Scene from 'Long Distance Information,' the first drama in the new Play for Today series.

Bishopsgate Hall

Roger Marsh

by DAVID MURRAY

Ravel's Introduction and Allegro, for harp, flute, clarinet and string quartet, sets a perennial challenge to more recent composers. Ravel's flawlessly realised piece, still the heart of the harp repertoire, prescribes an inconvenient body of players—too many to bring into a solo recital, too few to set into an orchestral concert. What seems to be needed is another work or two for (roughly) Ravel's combination; and a new City Music Society commission from Roger Marsh, heard for the second time at yesterday's Delmé String Quartet concert, is evidently aimed at that mark.

Marsh's piece employs Ravel's forces with an extra flute and clarinet. It is called simply "Two Movements," but "Introduction and Andantino" suggests itself at once. The first *movement plays very deliber*ately with a pair of chords, extended from time to time into a longer cadence, in solid and unvarying instrumental colours; the pace is increaesd—slightly—for the second movement, which presents the harp with some mild declamation in octaves and offers a wider range of evanescent textures. At one hearing, it seemed a competent exercise, perversely content to use the expanded Ravellian band for infinitely less inventive purposes. Even Marsh's loaded introductory chords carried only a fraction of the suggestive tensions of Ravel's prelude, though in theory Ravel's harmonies belong to a more inocent idiom.

The solo harpist was Christina Rhys, no more than efficient in the original Introduction and Allegro—she allowed herself a rudely unstylish accent on the last note of each of her opening phrases. The Allegro was excessively relaxed, though Richard Adeney and John McCaw among the supporting players guaranteed sterling support. *The Delmé Quartet on* their own played early Haydn, the Quartet op. 17 no. 5, comfortably and with some grace.

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Responding to Mr. Brezhnev

PRESIDENT Brezhnev's speech in East Berlin ten days ago clearly caught the West off-guard. The Soviet leader announced unconditional cuts in the number of Soviet troops and tanks in East Germany and at the same time declared a readiness to reduce the number of medium range missile systems deployed in the western areas of the Soviet Union, provided that the west refrained from *plans to modernise its own* medium range nuclear forces.

Concern

Yet the western response has been varied. The most positive evaluation came from Chancellor Helmut Schmidt of West Germany who noted at once, and actually welcomed, the apparent continuing Soviet interest in negotiations on arms control. A much more sceptical reaction came from Mrs. Margaret Thatcher who told the Conservative Party Conference in Blackpool last week that the west would be looking very closely at Mr. Brezhnev's speech to see whether it represented the opening shot in a campaign to prevent the NATO modernisation programme, or whether it was "a genuine attempt to reduce tension in Europe." She left little doubt that she inclined to the former *interpretation.*

The American response has been somewhere in between. Mr. Zbigniew Brzezinski, President Carter's national security adviser, has recognised the Soviet readiness to negotiate, but has also shown concern that this very readiness could persuade some of the NATO allies to come down against the plans to improve the alliance's nuclear forces in Europe.

These variations in the western response are dangerous in themselves, for there is nothing to be gained, and a great deal to be lost, from internal squabbles. They are also unnecessary. A close reading of Mr. Brezhnev's speech suggests that there is no incompatibility between a decision in principle to modernise the NATO forces and at the same time to enter negotiations with the Soviet Union on arms control.

It has long been expected that the ratification of SALT 2, if it takes place, will be followed by negotiations on SALT 3. SALT 2 covers purely intercontinental systems owned by the United States and the Soviet Union. SALT 3 would move on to cover medium-range systems in Europe, which was precisely what Mr. Brezhnev was talking about.

For some time there has been a growing disparity between east and west in this area. The Soviet Union has developed and deployed a new geerantio of nuclear weapons targeted on Western Europe to which the west has no direct equivalent. In the past year or so NATO has been preparong its own attempt at correcting the balance. It consists of new American weapons to be based in Britain and continental Europe. A NATO decision to *approve the plan is due in* December.

Yet NATO has also been preparing its own initiative in arms control. An alliance decisions to go ahead with the modernisation of nuclear weapons in Europe will be accompanied by a new offer of negotiations with the Soviet Union on arms limitation. Since the new weapons would *not be deployed* until 1983 at the earliest, that leaves plenty of time for talks which, if successful, could even render the deployment unnecessary. The talks would almost certainly take place within the context of SALT 3.

The Soviet leadership knows this perfectly well. That is why the most reasonable interpretation *of Mr. Brezhnev's speech* is that it is an attempt to influence the course of the SALT 3 negotiations. Of course, the Russians would prefer the NATO decision on modernisation to be postponed indefinitely, and it would be naive to pretend otherwise. But the most important point about the speech is that it contained nothing *which would preclude negotiations* on the assumption that NATO does decide to modernise. Indeed, as Chancellor Schmidt has observed, any Soviet threats were directed not against a NATO decision to develop the new weapons but against deployment.

Opening

The western response therefore should be straightforward. NATO should approve the modernisation programme in December, but it should also stress as strongly as possible its interest in arms control. It might even take positive note of Mr. Brezhnev's proposals. The negotiations with the Soviet Union will be difficult and they may well fail, in which case the west will have to go ahead and deploy the new systems. But it would be folly to prejudice the talks in advance by regarding Mr. Brezhnev's speech with almost total suspicion. As an opening contribution to what is clearly going to be a difficult debate, it could have been considerably worse. It is up to the west to seek to improve the Soviet offer through negotiations.

Unravelling the NEB

YESTERDAY'S statement by Sir Leslie Murphy, the chairman of the National Enterprise Board, that he will be unable to sell off a number of profitable NEB subsidiaries until the Government clarifies the NEB's statutory responsibilities in its new Industry Bill, is no more than a pin-prick for the Government's industrial policy. Even if there is to be some delay, there is no question that the NEB will have to raise the required £100m by selling its shareholdings in ICL, Ferranti, Fairey and perhaps a few other companies, and Sir Leslie accepts this. But his statement does underline the fact that Government attitude to the NEB may remain unclear even after the Industry Bill is published.

Conflict

It may be that in their haste to fulfil manifesto promises after their election victory, Ministers gave insufficient attention to the way they wanted the NEB to behave after the asset sales. Selling off the NEB's minority shareholdings in private companies and returning its viable subsidiaries to the private sector is only the first, the easiest, step in unravelling an organisation whose existence conflicts with some of the basic tennets of the Government's philosophy.

The NEB currently has four roles. It is a holding company for lame ducks, a sponsor of high technology enterprises, an investor in small firms and an investment trust for the Government's shareholdings in medium sized companies. All but the last of these are likely to survive under the new constitution to be proposed in the Industry Bill.

To some of the Government's supporters this is disappointing. Obviously there is no alternative to keeping BL, Rolls Royce and Alfred Herbert in the public sector. But the NEB's high technology activities and its involvement with small companies are more questionable. Indeed the Prime Minister herself is believed to be dubious *about the wisdom of building* up the new electronics companies, which the NEB regards as its most significant achievement. *A decision has to be made* soon on whether to commit a further £25m to Inmos, the new microchip manufacturer, in which £25m has already been invested. But there is no guarantee that the next tranche of £25m will be the last investment the Government has to make before it can stand on its own feet. Meanwhile Inmos *executives are warning that further* delays could jeopardise its future.

Inmos is one part of the Government's dilemma over the NEB. In many ways NEB's results have so far been encouraging to its supporters. Apart from the failures at British Leyland and the continuing cash shortages at Rolls Royce, many of its ventures have been successful. Its returns on capital have not yet approached the target of 15-20 per cent by 1981 that was originally set for it, but they have been satisfactory, bearing in mind the performance of the whole corporate sector. Even in its promotion of small companies it has shown an entrepreneurial spirit that has been lacking in some private sector investment institutions.

Anomaly

Nevertheless, the fact remains that everything the NEB has succeeded in doing, apart from its stewardship of the lame ducks, could, in theory, have been done better, and without the need for public money, by the private sector. Thus the continuing existence of the NEB in anything like its present form must be something of an embarrassment for the Government. It is not just that the right wing of the Conservative party is howling for Sir Leslie Murphy's blood. The existence of a public sector institution, whose marginal function is to ginger up the private sector, is a reminder that the Government's reliance on economic survival through private entrepreneurship still depends heavily in hope and faith. If this faith is ever justified the NEB will be an anomaly that will not be allowed to survive for long.

An adventurous bid for a troubled EMI

By JOHN LLOYD and CHRISTINE MOIR

Sir John Read (left) and Lord Delfont, chairman and chief executive of EMI, have wrestled with their company's plunging profitability. Sir Richard Cave (right), formerly chairman of Smiths Industries, now faces his biggest challenge since taking over the chairmanship of Thorn from company founder Sir Jules Thorn in 1976.

HAS Sir Richard Cave, chairman of Thorn, bid for EMI for that time-honoured of motives—because it's there?

The two companies are, after all, very different. Thorn's great strength is in television rentals: it manufactures televisions and domestic appliances of variosu kinds, it is a leading lamp manufacturer and it has been strengthening its control and instrumentation division. This summer, it bought Systron Donner in the U.S. for £12.5m: the company specialises in the manufacture of industrial controls. Two other attempted acquisitions have so far eluded *it—the Florida-based Modcomp,* which makes process control equipment, and the French TV rental chain, Locatel. The first is undergoing examination by the U.S. Securities and Exchange Commission, the second by the French Monopolies Commission. Each of these, successful and attempted, has fitted in with what is seen as its traditional business.

EMI, as Mr. Ian Cole of stockbroker James Capel commented yesterday, is not a logical company. Its record and music publishing business remains its core, but it then branches out into cinemas, bingo and social clubs, dance halls and films. At the other end of the spectrum, it has a successful defence elec*tronics business: in between is* its ailing medical electronics division.

The spotlight on its problems in recent months has been harsh. The record business, accounting for around half of its sales, has plunged into losses: the medical division, where the revolutionary and award-winning scanner has flagged in a *depressed U.S. market: only* defence and general leisure remain relatively buoyant.

There is no immediate end in sight to the record division's troubles. British artists are currently less popular internationally than American ones: pirate records, and home taping of discs on music centres, have cut millions from sales. Further, the technology of recorded music is changing: video tape is here, video discs are now being tested, and digital audio discs, offering much better quality, are *now moving out of the experi*mental stage. Few believe that the record business will ever be the same again.

Thorn appears much stronger. The high returns from its rental chains in the UK and internationally have pushed up its cash flow towards the £200m mark. Yet its manufacturing interests have been less happy: the television industry in the UK continues to show over*capacity, while its domestic* appliances have been hurt by strong Italian competition and its lighting and engineering divisions have been stagnant. For some time, it has been evi*dent that it needed to take a* strong new direction.

Yesterday's announcement certainly cannot be faulted for its adventurousness. The core of Thorn's plan for EMI—Sir *Richard prefers to talk of it as* a potential merger, rather than an acquisition—is the music business, the business which EMI appeared willing to sell until, spurned by Paramount which thought that £70m was too high a price, it changed its mind. In essence, Sir Richard wants that business to create a *new kind of company: one in which, as he puts it, Thorn's* hardware strengths in entertainment will marry with EMI's software strengths.

The market is, in the current phrase, in-home entertainment. Thorn makes and rents televisions: it also now rents the Matsushita VHS video tape system (camera and playback machine): it is likely to market *the Matsushita video disc* system, when that comes on the market in perhaps two years' time.

"That is where the synergy is between the two companies," says Sir Richard. "We have been looking at the problem of software for a long time—what do you put into these machines. EMI has it. We can market it."

Visions of video

Thorn's rental chains are, in Sir Richard's words "under-utilised in terms of throughput." The company has visions of the rental shop in the future containing racks of video tapes, video discs, possibly digital audio discs, too—a complete home entertainment centre.

Thorn seems willing to accept the "out-of-home" entertainment side of EMI, too. "We are getting into the area of dealing with people, and all their enter*tainment needs,*" says Sir Richard. He concedes that Thorn has no experience of gauging their dancing, gambling or film-going needs, and intends leaving that to EMI.

So, in answer to the question posed above, EMI is not desired simply because it is there, but because it is there *and* useful—perhaps even essential—for *Thorn's future growth.* But what of the rest?

"Thorn has minor interests only in defence: a small subsidiary does some naval electronic work. But the company has long been committed to moving up the technology ladder: Sir Richard says that to push through such a strategy means that it must have a *defence division,* because that is where the highest technology is.

The medical electronics business looks the least likely division to remain within a new, merged company.

If the deal goes through—and Sir Richard admitted the strong possibility of counterbids in the weks ahead—a successful merger of the two companies would be a massive achievement. Capel's Ian Cole commented that the new company would have a shape very like Philips, the huge Dutch multinational. It is an encouraging parallel: the difficulties of creating such a company, albeit on a smaller scale, are not hard to list.

First, the core of the strategy —the creation of an integrated leisure company—will take some years. The new audio/visual technology is not yet proven: even video tape machine have only sold around machines have only sold around year (though sales are rising). There are problems of standardisation in video tape, with three main systems on the market, and the same problems are likely to repeat themselves in video disc. The competition in both—from companies like Philips and Sony—will be tough.

Second, even if the core strategy is successful, a Thorn/EMI company would have to bear continuing low returns on the record business for some years. "The Thorn shareholders will bear the brunt," says Ian Cole. Mr. Peter Minton of Buckmaster Moore agrees: "Why didn't he just buy the bits of EMI he wanted? He won't need all that record pressing capacity, for example."

Third, Thorn management has yet to be tested in a major new venture. It is Sir Richard's first very large acquisition.

Fourth, any attempt to climb the technology ladder will find that there is much jostling along the way. The defence market is lucrative, but volatile and crowded, especially by successful UK companies. Thorn still has no strength on the computer side—though it is said to be looking hard for acquisitions here—and little on the telecommunications side: most electronic companies on the top rungs of the ladder are in one or the other.

The Government is hardly likely to become closely involved, though it does have a general interest through its *microelectronics programmes* and various support schemes. First, unofficial, reaction yesterday was favourable: a view expressed was that EMI was a much better vehicle for Thorn cash than a French rental chain, while the commitments to moving into higher technology, and retaining the defence interests of EMI, were welcomed.

Such is Thorn's rationale for the bid. But a rationale does not itself ensure success.

The bid target has been well chosen. EMI is in a weak defensive position. Its medical electronics side has turned in two years of losses totalling £26m and black clouds overhang the future. The music business, which forms the core of the group, is similarly stricken, losing £14.6m between December 1978 and June 1979. Together these two divisions caused pre-tax profits to tumble by 58 per cent to £10.8m on sales of £870m for the 12 months to the end of June.

Clearly, with such enormous unresolved problems, EMI's chances of remaining independent are as slim as those of Spillers, the flour miller taken over by Dalgety last week.

But this does not mean that EMI will end up in the arms of Thorn. The City has been openly listing the potential bidders. They include GEC, Racal and Philips in addition to Thorn. So EMI must be watching the wings and hoping for a contest which will at least squeeze out a better price for its shareholders.

Institutional factor

In this it will gain much comfort from the fact that institutions account for 60 per cent of the equity. They may want out; pension fund holdings have dwindled significantly in the past year.

When advising Dalgety in its takeover of Spillers, Lazards had to confront Dalgety's own shareholders worried lest their company be taking on too great a burden. This time, acting for the defence it may be able to turn similar fears among Thorn's shareholders to EMI's advantage.

Those fears were already beginning to gain ground in the City yesterday. Thorn's main *argument for the acquisition*—that the British electronics industry must prepare for the home entertainment revolution of the 1980s—does not solve EMI's immediate problems.

Inevitably solutions will be hard to find and the problems could hang about for several years depressing Thorn's earnings at a time when its own central businesses are struggling in tough trading conditions. The institutions, banks and nominees, who control 74 per cent of Thorn's shares, may not be too happy with the proposed bid terms which, on historic earnings, already mean a dilution of nearly 15 per cent, given poor short-term recovery prospects.

Then there is the fact that Thorn's gearing, from a nominal 10 per cent, would immediately rise to nearer a *third, comparing net borrowings* with tangible shareholders' funds. And more would undoubtedly have to be poured into EMI. Money is the dowry Thorn brings to this marriage.

On the plus side, from Thorn's shareholders' point of view, is the acquisition of the defence electronics side. Yet overall, a bid for EMI which values the group at £146m compared with a pre-bid value in the market of £105m, may look over-generous to Thorn's shareholders. And they will have to approve this bid before it goes ahead.

EMI's shareholders, on the other hand, may also cavil over the price as it compares with their estimate of the company's worth. Capital employed is £400m, although shareholders funds amount to only £163m less goodwill and net debt is £136m, down £18m from the previous year. But the buoyant businesses, Thames TV, defence electronics and leisure, must be worth around £100m. Paramount, after all, were willing to talk about £70m for half the music side. And the new generation of scanners could have potential given that research costs are coming down.

Thorn is hoping for an agreed bid but EMI is holding tight and advising shareholders to do the same. Yesterday Thorn would not commit itself to withdrawal if agreement was not forthcoming. Nor would it say whether its current offer is a take-it-or-leave-it final bid.

COMPARISON OF SALES AND PROFITS

EMI (year ending June 30 1979) £m	Sales	Profits	Thorn (year ending March 31 1979) £m	Sales	Profits
Music	430	1.9	Consumer electronics	446	72.6
Leisure	146	18.8	Domestic lighting	373	21.1
Television	72	7.8	Lighting	260	14.0
Electronics (non-medical)	177	12.9	Engineering	245	14.4
Medical electronics	44	12.8 loss			
Total	869	28.5	Total	1,324	122.1
Of which, overseas*	476	2.6 loss	Of which, overseas†	250	13.7

* Most of EMI's overseas turnover is in music. † Most of Thorne's overseas business is in lighting and consumer electronics.

MEN AND MATTERS

Hovering to the dark tower

Like most tourists seeing London for the first time, Chairman Hua of China is making the Tower of London a priority during his visit later this month. Indeed, I learn that he registered such keen interest in the Tower that it is his very first port of call—he is going there by hovercraft from Westminster the morning after he has settled into Claridge's.

A visit to Covent Garden to watch "The Sleeping Beauty" is also pencilled in for the first day, and only after two sessions at 10, Downing Street and one at Buckingham Palace will he be making a pilgrimage to the tomb of Karl Marx in Highgate Cemetery. The same day will see a more immediately useful visit to the Governor of the Bank of England and another to the Rolls-Royce aero-engine *factories in Derby. The fourth* day will see Hua in Oxford, then he is off to Italy for the remainder of his European tour.

Well ahead of Hua's arrival, the Foreign Office is marshalling its full contingent of Chinese speakers. The numbers will be swelled by the temporary return of several officials from the Peking embassy.

Verbal decor

More observant readers may have noticed the steady infestation of the language during the last few years by the apostrophe. As any shop window or filling station demonstrates, apostrophes have joined quotation marks as marketing tools—as, for example, in "Half price's'" or "Potatoes £4.50 for two bag's'."

In case anyone feels doubtful about meddling with the punctuation in this way, I can reveal that such modifications have been sanctioned by no less any authority than the Institute of Public Relations. Inviting me to subscribe to its Register of Members for 1980, it boasts that the register includes "telephone, No's" and contains reference to "PR practitioner's in over 50 countries."

Perm any four

For years the majority of us have been made to feel inferior by a minority with one advantage—its members can talk knowledgeably about computers. By implication, the future is a mystery from which ordinary mortals are excluded.

Now a document has been carelessly allowed to fall into enemy hands, as it were, by a data-processing man from electronics group Bowthorpe Holdings. It suggests that this wholesale arrogance is built on sand. We glean the idea that computer talk can be mastered by the use of a kit referred to at Bowthorpes as SIMP (Simplified Integrated Modular Prose).

The kit consists of four tables of phrases. By taking a phrase from the first group and linking it with any phrase from the second, then others plucked at random from the remaining two, it is possible to say things which are at once intelligent-sounding and entirely incomprehensible.

Kick off with one of these thoughtful openers: In particular; on the other hand; as a resultant implication; in this regard; based on integral subsystem considerations; in respect of specific goals.

Then see what takes your fancy in Table 2: a constant flow of effective information; the characterisation of specific criteria; initiation of critical subsystem development; the fully integrated test programme; the product configuration baseline; the primary interrelationship between system and/or subsystem technologies.

Table 3 goes: must utilise and be functionally interwoven with; maximise the probability of project success and minimises the cost and time required for; adds explicit performance limits to; requires considerable systems analysis and trade-off studies to arrive at.

A choice from Table 4 completes the sentence: the anticipated fourth-generation hardware; the subsystem compatibility testing, the structural design based on system engineering concepts; the evolution of specifications over a given time period; the philosophy of commonality and standardisation.

"As a resultant implication," one might say, "the characterisation of specific criteria adds explicit performance limits to the evolution of specifications over a given time period."

Political realism

I hear that a businessman in Manila recently received a visit from the notoriously corrupt Bureau of Internal Revenue. After a lengthy perusal of the books, the official informed the company's accountant of the amount to be charged, explaining that he would take 70 per cent and the government 30 per cent. As it happened, President Ferdinand Marcos launched a clean-up of the bureau the very next day. This involved widespread sackings and resignations.

The inspector did not turn up again for three days. On the fourth day he returned, announcing there had been major policy and procedural changes in the tax department. As a result, he said, the government would now receive 70 per cent, and he would have to content himself with 30 per cent.

Faith in numbers

Forecasts of dwindling profits have in no way halted the "numbers game" among more affluent car owners. In Hull an 11-year-old firm called Car Marks ("people think it's Karl Marx—a good opening gambit") has lately expanded out of all recognition. It is installing a £10,000 computer, to match up estimated 5m egocentrics with "suitable" number-plates.

"The prices have gone silly," says one of the partners—called Marks; he tells me that the highest price he has got so far for a number-plate is just under £10,000.

As Car Marks points out few people seem immune to the name-plate mania.

If it was that long ago, says the manf rom Car Marks, the price was probably "a pittance." The Salvationists might like to know, however, that it has become more valuable with age, being a 1920's registration: the man from Car Marks assures me 101 is "a good number." The market value: around £850.

Observer

BY ANATOLE KALETSKY

A questionable discipline in pay bargaining

ONE VITAL piece is still missing from the jigsaw of economic policy that Ministers have been painstakingly putting together over the past six months. So far the Government has got no further than any of its predecessors in working out a policy on pay in the public sector.

Of course pay in general has been Britain's knottiest economic problem for years. But, for the private sector, Ministers at least believe that they have found a coherent solution. Tight money and a strong exchange rate are expected to force private employers to stand up to unreasonable pay demands from their workers, or to go under. This policy may rest on a number of tenuous assumptions—that the availability of credit determines a company's ability to pay its wage bill and that competition is strong enough to prevent wage increases being passed on in higher prices. But at least it is possible to sketch out a theoretical model in which the policy might work. For the public sector, there is no such consolation.

The first clear indication of the Government's approach to public sector pay came last week, in a series of letters which Ministers sent to the nationalised industries they oversee. While steering well clear of any explicit statements about the desired level of pay increases, the letters stated that, in setting cash limits for each industry's borrowing next year, the Treasury would assume that unit labour costs will rise by no more than the expected rate of price inflation between this financial year and the next.

Already there has been widespread criticism of this policy. It has been claimed that it is a thinly disguised return to the last Government's incomes policy, that the rate of increase chosen is unduly high and even that it will encourage unions to expect wage rises based on inflation for the year past (expected to peak at over 17 per cent), rather than over the coming year (when the rate should be under 15 per cent, according to Treasury forecasts).

But the main objection to the Government's apparent faith in cash limits is that they are the wrong tool for controlling wages. Trying to influence wage bargaining in the nationalised industries with cash limits is like trying to tighten a screw with a spanner.

Cash limits were designed for controlling public spending, not wages.

But a confusion about their effectiveness in controlling wage bills has crept into the Government's thinking. In the Civil Service itself, there is little distinction between public spending and spending on wage bills. So, for the Civil Service, strict cash limits are more or less equivalent to statutory pay norms. Unfortunately, it is in the nationalised industries — which provide the country's basic services—that the hardest pay battles normally have to be fought. Cash limits control only the levels of borrowing. So their effect on wages is indirect, at best.

Assumptions

Cash limits were introduced to ensure that public spending plans, which are initially set in "real" terms—without regard to price and wage inflation—did not get out of control if there were an unanticipated upsurge in inflation. So every year, after the Treasury analysed the "real" spending plans of government departments, local authorities and nationalised industries, it translated these into "money" terms, on the basis of its own assumptions about the prospective rate of inflation.

Once cash limits are fixed they should, in theory, be adjusted only if there is an emergency that neither the Treasury nor the spending authority could have foreseen.

The reason for the irrelevance of cash limits to nationalised industry pay bargaining is that only the nationalised industries' borrowing, and not the whole of their spending, is included in the definition of public spending. So cash limits do not apply to the industries' wage bills, but only to the difference between their investment needs and their ability to generate internal finance. In fact nationalised industry managers refer to them as limits on external financial requirements (EFRs).

Of course the policy of including only the borrowing of nationalised industries in cash limits is not just an accident. It is supposed to reflect the freedom of nationalised industries from day-to-day political interference. The relationship between nationalised industries and government is still far from clear, but for the past 10 years it has been accepted that nationalised industries should behave, as far as possible, like commercial enterprises, with only their general policies and medium-term financial targets set by government. So it is logical to apply the direct control of cash limits only to their borrowing, which explicitly affects fiscal policy and which is organised by the Treasury.

Cash limits operated fairly successfully while they were applied for their intended purpose of controlling nationalised industry borrowing. Since 1976 there have been no serious breaches of cash limits, although there have been a few adjustments to reflect increases in subsidies between the annual reviews, and nationalised industry borrowing has been sharply reduced. But in the current year, a "conviction has spread in the nationalised industries that "there will very soon be cracks in the cash ceiling," in the words of Sir Peter Parker, chairman of British Rail. The reason for this is that last year, in its desperation to find a substitute for its voluntary five per cent pay norm, the Labour Government decided to try cash limits as a discipline on the public sector. Cash limits for 1979-80 were set on the assumption that prices would rise by 8.5 per cent and wages by 5 per cent.

CASH LIMITS ON EXTERNAL FINANCE FOR NATIONALISED INDUSTRIES

(£m)

Industry	1976-77 Limit	1976-77 Outturn	1977-78 Limit	1977-78 Outturn	1978-79 Limit	1978-79 Outturn	1979-80 Limit
National Coal Board	289*	316	376	328	625	607	709
Electricity (England & Wales)	350	69	150	23	−75	−104	−68
British Gas	−36	−204	−268	−495	−172	−429	−449
B.N.O.C.	300†	218	279†	192	259†	270	115
British Steel	950	946	950	806	875	752	700
Post Office	335	216	−30	−138	−33	−86	−110
British Airways	113	17	71	70	59	56	172
British Rail	609	501	685	532	646	619	715
British Aerospace	—	—	—	—	12*	48	53
British Shipbuilders	—	—	—	—	83*	118	250
Total (including other industries)	3,165	2,243	2,404	1,474	2,577	2,014	2,328

* Cash limits subsequently adjusted. † Forecasts—limits not imposed until 1979-80.

Source: Financial Statements and Budget Reports 1976-79; Government Expenditure Plans, 1979.

The results provide no encouragement for the present Government's efforts. Where they could have been effective, in central government and local authority spending, cash limits were unceremoniously abandoned, with promises of revisions to allow for pay "comparability" studies on civil servants, teachers and health service workers. In the nationalised industries the original cash limits were retained, and even tightened, by the incoming government. But they had no apparent effect on pay settlements, which were running at over 17 per cent by the end of the last pay round.

It is worth investigating in detail the way that nationalised industries can respond to a squeeze from cash limits in order to gauge the likely consequences of the present policy. By 1978-79 cash limits were already beginning to restrain quite seriously the industries' borrowing ability. Although, as the table shows, aggregate borrowing was 78 per cent of the maximum level permitted by cash limits compared with 61 per cent in 1977-78, the real problems were more serious for some industries. Excluding British Gas, which notched up enormous profits in a year of oil shortages and freezing temperatures, the other industries had only 11 per cent headroom below their cash limits and the National Coal Board and British Rail borrowed respectively 97 per cent and 96 per cent of their maximum allowances. Clearly these industries and British Steel, which has had its cash limits cut in anticipation of its promise to break even by 1980-81, will be hard pressed to get within this year's borrowing limits.

Obviously the hope is that cash limits will impose a regime of strict cost control, but even if this option is accepted, managements can cut costs by reducing output as well as by improving productivity or taking a firm line on wage claims. In reality, even with the best will in the world, it is usually impossible to raise productivity substantially within the duration of a cash limit, which is a single financial year. Redundancy payments certainly have to be avoided, as do strikes, which, in most nationalised industries, affect cash flow adversely because of the industries' enormous overheads. So if costs have to be cut in response to a cash shortage, it is most likely that the quantity or quality of output will be reduced, without any reduction in the labour force. Thus the ultimate response to excessive wage settlements may well be a reduction in productivity, rather than an increase.

In fact, nationalised industries are more likely to try the two other routes—cutting investment or raising prices—when they foresee a cash crisis. Which way they will choose depends on whether they are monopolists operating in domestic markets where price has little effect on demand, or internationally competing industries.

In the monopoly industries it is easy to respond to a cash shortage, simply by raising prices. Clearly this was recognised by the incoming Government in the June Budget, when it lopped £320m off the nationalised industries' cash limits, as a contribution to the lowering of the Public Sector Borrowing Requirement. There was no announcement about plans to cut investment expenditure. The pious hope was expressed that the cuts in cash limits would be absorbed by cost reductions, but the fact that all but £15m of the cuts were concentrated on the energy industries, which were in a particularly strong position to raise their prices suggested that the Treasury was well aware of economic realities.

Lame ducks which foresee a collision with cash limits normally have no choice but to cut back investment. Indeed both British Steel and British Shipbuilders have explicitly stated that cash limits had forced them to delay or cancel investment plans. British Steel's apparently creditable achievement of staying well within its cash limits during the past two years, despite dreadful losses, was due largely to overestimates of its investment by £168m in 1977-78 and by £172m in 1978-79. Of course, cash limits were not the only reason for reductions in British Steel's investment. But it is hard to resist the suspicion that cash limits may have led to overestimates of investment needs.

What is most alarming to managements is that as trade union understanding of cash limits grows, the excessive provisions for investment may come to be regarded as available for paying wage bills.

Hardest bite

But where cash limits seem to bite hardest is in the industries that are determined to invest right up to the limits permitted by their market strength and their borrowing ability. British Rail, British Airways and the National Coal Board are all engaged in vast investment programmes, which are undoubtedly desirable on commercial grounds. But they do not have the market power of the gas, electricity and telecommunications industries. So far the NCB has been fortunate in having its cash limits adjusted to allow it to proceed with its investment programme, despite high wage settlements. British Airways has complained publicly that its corporate plans have been upset by cash shortages and one of the advantages claimed for its planned denationalisation is that "its investment programme will no longer be muddled up with the level of the rate support grant." At British Rail, however, further cuts in the standard of service and in the rate of equipment renewal seem inevitable if it is to avoid breaching the 1979-80 cash limits.

Managements' attitudes to cash limits clearly depend on the ways available for their industries to respond. For the financially powerful monopoly industries, the limits merely impose an irritating myopia that vitiates long-range planning and increases political interference in their pricing decisions. While the case for cash controls is accepted, it is argued that a system of cash targets (rather than limits), with provision for carry-over between years, would be easier to reconcile with strategic planning. The other industries complain more frequently that the cash limits are set at arbitrary levels, are subject to frequent reductions without consultation and leave insufficient headroom for their investment needs. It is, however, accepted that this is inevitable when the Government is determined to cut public borrowing as a whole. What nobody seems to believe is that cash limits will make much impression on unions which are well aware of the many ways in which money for the wage bill can be found.

Letters to the Editor

Differing trends

From Lord Kaldor

Sir,—In your issue of last Thursday (October 11) you give an account of the latest monthly Progress Report of the Treasury and reproduce a table on the share of profits in value-added in UK industry in comparison with four other countries.

An analysis of the figures published in the latest (1979) edition of National Income and Expenditure by the Central Statistical Office shows that these figures are highly misleading, both as to the trend of profitability of British industry and in their explanation of *the causes of such fall* in profitability as had occurred. For this purpose the CSO figures as given in Table 1.10 *and Table 3.1 are reproduced in* the first two columns of the table, while in column (3) the share of net value-added—on a *comparable definition to that of* the Treasury report—is shown on the basis of the latest CSO estimates.

A comparison of columns (2) and (3) shows, however, that there was an increase in the *share of capital consumption in net* value-added from 11.8 per cent in 1968 to 15.6 per cent in 1977. Such an increase cannot occur merely as a result of inflation except when the inflationary process causes the prices of capital goods to rise faster than the prices of other goods and services. This is indeed confirmed by the C.S.O. estimates which show that the price level of investment goods had risen between 1968 and 1978 by 20 per cent more than output prices in general. While the causes of this differential increase remain to be investigated, the sharp rise in the prices in raw materials and energy may have been far more important than any differential rise in wages in the capital goods sector.

For these reasons the comparisons with other countries (the derivation of which is not *explained in the Treasury report*) cannot be taken as an indication of comparative movements in profitability until comparable figures are produced on the definitions of *Columns* (1) and (2) as well as that of Column (3).

Ratios of profits to value added in industry and transport in the UK

Year	Gross operating surplus (1) Including Stock appreciation	Gross operating surplus (2) Excluding Stock appreciation	Net operating surplus (3)
1968	32.7	30.8	22.7
1969	33.1	30.8	22.5
1970	32.0	28.7	19.5
1971	31.6	28.8	19.2
1972	32.8	29.8	20.4
1973	34.9	29.2	19.7
1974	35.5	24.3	13.1
1975	31.2	23.4	11.8
1976	33.7	26.0	14.6
1977	34.5	29.7	18.7
1978	33.0	29.3	18.2

Definitions—Industry and transport defined as mining and quarrying, manufacturing, construction, gas electricity water, transport, communication.

1—Gross trading profits of companies plus income from self employment plus gross trading surpluses of public enterprises as a proportion of gross value-added.

2—Defined as for (1) after deducting stock appreciation.

3—Net after deducting from (2) capital consumption at current prices both for value added and profits.

Source—CSO National Income and Expenditure (1979 Edition) Tables 1.10 3.1 and 11.3.

It is evident from column (1) that there was *no* fall in the share of gross profit in the gross value-added of industry and transport between 1968 and 1978. There were slight reductions in the years 1971 and 1975 which, however, are fully comparable to those in earlier cyclical recessions. The Treasury's contention is that "trade union power" squeezed profit *margins*, and that the increase in money wages "could not be fully passed on in prices." If that were true, profit margins based *on historic* costs would have necessarily been reduced. Column (1) shows that this has not happened.

The second column (which deducts stock appreciation from profits) only shows that on *account* of inflation more of the profit accruing to companies was represented by the increase in the value of stocks. While this may *impair* the companies' liquidity (if they cannot, or, for reasons of their own, do not, borrow from the banks to finance the increase in the value of their stocks), it is not a true indication of a fall in industrial profitability, since it does not impair the return obtained on money invested in industry, as against money which is left idle or invested in financial *assets*.

Nicholas Kaldor.
King's College,
Cambridge.

Heating the home

From the Commercial Adviser, the Electricity Council

Sir,—Your editorial on gas pricing (October 15) was welcome in its recognition of the point, made repeatedly by the Electricity Council, that the under-pricing of gas makes a rational energy policy difficult *to pursue*.

I feel bound however to challenge some of your comments, though your main case did not not depend *on them*.

Your point that it is arguable that the gas distribution system is ideally suited for heating homes disregards *the fact* that about 5m homes in this country have no mains gas supply connected and it is not readily possible in many cases to *make one* available. How much more ideally suited is the electricity distribution system, which is available to *virtually every* home nationwide?

To base the point that gas heating is to be encouraged more than electrical heating in the home on the argument that 72 per cent of power *station energy is wasted* before electricity reaches the consumer is seriously misleading. It misleads, first, because once electricity reaches the consumer, heating appliances convert it to heat with very high efficiency—far higher than the efficiency—with which gas heating equipment utilises gas. It misleads, secondly, because the types of fossil fuel used to produce the great majority of electricity in this country have limited usefulness other than for electricity generation. The coal has a very low calorific value, the oil is a residue that is difficult to handle, and both require exceptional designs of boiler for their efficient use. Incidentally, the thermal efficiency of fossil fuel generation has been increasing recently. Not only, therefore, does the generation of electricity from the fossil fuels actually used mean that some of the country's energy resources that might otherwise be little used are put to increasingly efficient use, but also the use of electricity for heating means that energy is utilised at the point of consumption with highest efficiency.

You should also bear in mind that many people prefer heating by electricity to heating by gas and the essence of the market system is that they should be able to exercise their preference in the light of soundly-based pricing of the alternatives.

R. Forman,
30 Millbank, SW1.

RAF base as an airport

From Mr. J. Baker

Sir,—Mr. Paxton (October 10) raises the question of the suitability of Thorne Moors as a site for a major airport.

Just to the south of Thorne Moors are two RAF airfields, those of Finningley and Lindholme. RAF Finningley already has one of the longest runways in the country, built at considerable cost for the V-bombers, now comparatively little used by smaller aircraft.

Visitors to Europe will be familiar with the practice of numerous European airports of shared usage by civil airlines and the Air Force of the country concerned.

When will Britain come to its economic senses and copy this practice, then we can have a new airport that we can afford?

RAF Finningley satisfies all the requirements and comments made by Mr. Paxton, at a very small cost of development, not to mention the time-saving that accrues.

Christopher J. Baker,
Manor Cottage,
Graizelound,
Doncaster, South Yorks.

Late tax payments

From the Managing Director H. V. Skan

Sir,—I was most interested to read the article by David Wainman (October 6) concerning "*interest on late tax payments.*"

What the article omitted to refer to is the fact that the Finance Act (No. 2) 1975 stipulates that *no matter which party* is at fault, a charge to interest cannot be avoided. This means that mistakes made by the Inland Revenue, and *which* cause delay in settlement, in no way affects the charges for interest.

A further point that may not be known generally is that if a taxpayer is in dispute with *the Inland Revenue as to the* amount due, say in respect of interest on investments, deposit accounts, etc., the taxpayer must *apply to the Revenue authority* for permission to delay payment!

I might add that in my own particular case I have been able to show that an initial claim for payment by the Revenue authority was not received by me, and the second application ultimately came to hand after being addressed totally in error by the Inland Revenue to another town in the West Midlands. In spite of this, an interest charge was debited to me and so far I have refused point blank to effect payment, although it seems that the law is purely one-sided, thus removing another pillar from our so-called democratic institutions.

H. V. Skan.
425-433, Stratford Road,
Shirley, Solihull,
West Midlands

Shareholder power

From Mr. A. Hutchins

Sir,—The news (October 10) that Mr. Alan Bartlett, chairman of Newman Industries, plans to sell his remaining holdings in the company in order to meet the costs of his legal representation in the action brought against him by Prudential Assurance highlights an extraordinary exercise of power by a minority shareholder.

Prudential Assurance has claimed to be bringing this action on behalf of all but two of the shareholders of Newman Industries. Yet as *far as can* be discovered, the other shareholders have not been consulted on this matter and have not given their support to it. On the contrary, it is known that there are some who repudiate any association with the action. They fear it may be damaging to the company and to their interests. Newman Industries has made considerable progress under the continued chairmanship of Mr. Bartlett during the last four years since those events took place on which the legal action is centred. During all this time no proposal has been made to shareholders, not even by Prudential Assurance, that Mr. Bartlett should be removed from the office of chairman of Newman Industries.

It would be difficult to deny that the efforts of Mr. Bartlett have contributed greatly to the progress of the company. But now that the legal case demands *more and more of his time* and money, he can devote less effort to the company and, as the Financial Times reported on July 26, the chairman can no longer be sure whether the company can maintain its 1978 trading performance.

All this raises wide implications. Under company law there exist opportunities through company meetings and ballots for ascertaining the wishes of a company's shareholders. It is extraordinary that a minority shareholding should both be able to ignore these channels, while claiming to act on behalf of shareholders, and to run the risk of damaging a company's interests, while the views of the majority of shareholders remain unheard.

Arnold B. Hutchins.
Longmoor,
School Road,
Hurst, Berks.

Today's Events

GENERAL

UK: Sir Michael Edwardes, BL chairman, seeks support from company's Board to ballot 164,000 strong workforce on plan for plant closures and redundancies.

Monthly council meeting of Confederation of British Industry.

Annual meeting of British Standards Institution, 61, Green Street, W1, 3 pm.

Dr. A. Kopec, Polish Minister of Machine Building Industry, speaks at Birmingham Chamber of Commerce during Polish technology week in the UK.

Mr. Peter Walker, Minister of Agriculture, addresses Dairy Trade Federation annual luncheon, Dorchester Hotel, London.

Mr. Norman Fowler, Minister of Transport, at Society of Motor Manufacturers' seminar on customer service, Café Royal, London.

Lord George-Brown speaks at American Chamber of Commerce luncheon, Savoy Hotel, London.

Queen attends Metropolitan Police 150th anniversary Tattoo, Wembley.

Overseas: Chairman Hua Guofeng, of the People's Republic of China, in full session of talks with President Valery Giscard d'Estaing in France.

Three-day Financial Times conference, Brazil—the Outlook for the 1980s, opens in Rio de Janeiro.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (September). Monthly index of average earnings (August). Cyclical indicators for the UK economy (September).

COMPANY RESULTS

Final dividends: Kalamazoo. Sun Life Assurance. Interim *dividends: British Home Stores.* Duport. Hunting Associated Industries. Jessel Toynbee. Selincourt. Smith St. Aubyn *(Holdings)*.

COMPANY MEETINGS

Christie-Tyler, Angel Hotel, *Cardiff*, 12. Robert M. Douglas, 395, George Road, Erdington, Birmingham, 12. Pifco, Winchester House, EC, 12. Waring and Gillow, Hallam Tower Hotel, Sheffield, 12. Wholesale Fittings, Great Eastern Hotel, EC, 12. Wynham Engineering, Hurman Street, Cardiff, 12.

Marks & Spencer sees good second half rise

DESPITE DISAPPOINTING sales in the second quarter, results of Marks and Spencer show an improvement in the first half year ended September 29, 1979, and good increases in sales and profits are expected during the second six months.

Total group sales (excluding VAT and other sales taxes) rose from £688.19m to £766.8m in the first half and pre-tax profits were higher at £76.86m compared with £72.9m in the same period last year.

Earnings per share are stated as 3.13p, against 2.93p, and the interim dividend is lifted from 1.15p to 1.5p—the total last year was 2.6087p from record pre-tax profits of £121.6m.

Sir Marcus Sieff, chairman, says store sales in the UK showed good increases during the first quarter but the disappointing second quarter was due to the substantially increased VAT rate, higher prices and poor summer weather.

Total value of exports from the UK, including shipments to overseas subsidiaries, was £21.62m against £21.15m.

In co-operation with its major suppliers, the group recently started an anti-inflation drive by lowering prices or curtailing price increases on a wide range of St. Michael merchandise. This action has increased sales and helped suppliers maintain good levels of production, the chairman says.

On July 1, salary increases were awarded to staff, three months earlier than the comparative rises last year, with the aim of implementing salary reviews earlier in the year. First half costs include an additional quarter's salary increases compared with last year.

European results are encouraging and directors are negotiating several sites for new stores. The first phase of the new Dublin store will open in November.

Canadian results are better, although sales in the Marks and Spencer division are still unsatisfactory. There have been no extraordinary costs to bear this year, against £1.12m during the first six months last year.

Depreciation rates have been reviewed, increasing the charge of the six months by £223,000, compared with last year.

	26 weeks 1979 £000	1978 £000
UK stores—		
UK clthg., etc., sales	472,585	433,100
Foods	240,912	205,191
Export sales	12,542	13,200
Europe sales	12,813	10,539
Canada	27,937	26,155
Total sales	766,799	688,185
UK profit	77,627	76,261
Europe	712	*482
Canada loss	1,481	2,835
Profit before tax	76,858	72,944
UK tax	36,500	36,000
Overseas tax	189	10
Net profit	40,169	36,934
Minority loss	615	1,176
Attributable	40,784	38,110

* Loss.

See Lex

Vitatron NV gets London placing

BY TERRY BYLAND

VITATRON NV, a privately held Dutch company which is a leading European manufacturer of heart pacemakers, has raised £1.5m (Fl 6.7m) through a share placing and listing on the London Stock Exchange.

Mr. A. H. Eikmans, founder and managing director of the group, said yesterday that London was chosen for the placing because it offered a larger and more developed market than Amsterdam. Vitatron is the first EEC company to raise money in London without first having a quotation on its domestic stock market.

Mr. Douglas Meekins, head of corporate finance at Grindlay Brandts, which organised the placing, said the move would perhaps highlight the greater size and placing power of the London market over those of it sfellow EEC members and hoped it might be the first of other such issues.

The placing is the first by a company from another EEC country since the lifting of the UK investment currency requirement on share dealings in EEC securities.

Vitatron yesterday placed 890,000 shares, or 19.4 per cent of its equity, at 175p (Fl 7.50) a share with some 30 UK investment institutions. It is forecasting earnings of at least £1.79m (Fl 7.8m) or 24.5p (Fl 1.05) a share for this year, which puts the newly issued shares on a prospective p/e ratio of 7.1, with a prospective gross yield of 6 per cent.

Dealings in the shares are expected to start in London on October 22, with Carr, Sebag as brokers.

The shares will be traded in Dutch Guilders on the London market, and listed as a foreign stock.

Heart pacemakers and their allied equipment, are responsible for the bulk of Vitatron's sales (74 per cent) and profits (79 per cent). The company claims 15 per cent of the European market for pacemakers, and 6 per cent of the world market.

The rest of the company's operations are in the scientific division, comprising manufacture of clinical laboratory instruments.

About 90 per cent of group sales are exported, with Germany recording 32 per cent of total sales, Benelux countries 16 per cent, France 14 per cent, and the UK 11 per cent.

Mr. Eikmans said the placing would help supply finance for development of the semi conductor division set up in San Diego in 1977-78 at a cost of $1.2m. This side supplies high technology hybrid micro-circuits to the medical division, and Mr. Eikman envisaged further expenditure of some $1.25m on this project.

● **comment**

One or two dealers were sticking their necks out last night and suggesting that the Vitraton issue would open at a Fl1 premium on the Fl7.50 (175p) placing price. The issue is complicated because it is the first of its type and there is no comparable company in the UK market to value it against. Vitraton operates in a high technology market which is reckoned to be growing by 10 to 15 per cent per annum and the profits are forecast to more than double this year. After falling by over a fifth in the previous year. Compared with its American rival, Mediotronics, which is selling on 15 times earnings and yielding 1.2 per cent, Vitraton's rating looks fairly conservative. But as the first such animal in the UK it had to be prepared to concede a fairly generous price.

HIGHLIGHTS

After a hectic day in the City Lex concentrates on three big stories. The outright takeover bid for EMI by Thorn came as a surprise although EMI is known to have been discussing the sale of some of its operations. The initial reaction in the City was unfavourable. A massive reconstruction of Charter Consolidated aimed at improving the shape of the business was launched but Lex has some reservations. Elsewhere some poor figures emerge from Marks and Spencer underlining the reasons for the round of price cuts a couple of months ago. Other stores of the day include Midland trying to sell its stake in Standard Chartered. On the inside pages dreadful news is revealed by Grattan, and there is the unusual move of a Dutch company picking London for its sole quotation. Furness Withy reports sharply lower profits, and comments are also made on Kode, Time, Spirax-Sarco, Forward Technology and Wm. Baird.

Time Products profit up midway

HIGHER SALES and profits are reported by Time Products for the six months ended July 31, 1979 and since the end of the half year, business has continued at an encouraging level, the directors say.

From sales of £15.68m against £12.56m, profits in the first half improved from £1.69m to £1.93m before tax of £432,000 against £246,000.

The interim dividend is effectively increased from 0.1605p to 0.45p and the directors expect to recommend a final payment of 2.25p. The final last year was equal to 1.67356p when pre-tax profits were £4.9m.

The group trades as a watch and clock distributor, manufacturer and retail jeweller.

R. Goodwin falls to £192,000

Taxable profits of R. Goodwin and Sons (Engineers) fell from £404,515 to £191,758 in the year to April 30, 1979, on turnover ahead from £4.3m to £4.8m.

After tax of £47,879 (£217,552) stated earnings per 10p share are down from 2.6p to 2p.

The dividend for the year is 0.53947p compared with 0.51539p.

Advance by Kemayan

By Our Kuala Lumpur Correspondent

PROFITS at Kemayan Oil Palm Berhad, the plantation group, rose by 43 per cent after tax to 4.2m ringgit (U.S.$1.9m) in the year to May. Pre-tax earnings were 5.7m ringgit.

A one-for-four scrip issue is to be made, by capitalising on 3.75m ringgit of unappropriated profits. This will raise the paid-up capital to 18.75m ringgit.

Oil palm production was 25 per cent higher, at 44,600 tonnes of fresh fruit bunches.

An unchanged dividend of 10 per cent is declared.

Setback for Sanyo Berhad

By Our Kuala Lumpur Correspondent

THE INTRODUCTION of colour television in Malaysia last year is causing problems for Sanyo Industries Berhad which has been left with heavy stocks of black and white sets.

The company suffered another setback in the six months to June with pre-tax profits falling from 1m ringgit to 500,000 ringgit (U.S.$230,000).

Sales were up from 20m ringgit to 25m ringgit ($U.S.$11.7m), indicating that the company is disposing of its black and white television sets for low profit margins.

Pay deals average 17%

PAY settlements in the May-September period averaged 17½ per cent, according to an analysis of published deals carried out by stockbrokers Phillips and Drew. If pay comparability awards from the Clegg Commission are included, the average is about 21 per cent.

In the public sector, 2,630,000 workers received pay rises averaging 18 per cent. When the Clegg Commission settlements are added the average climbs to 24 per cent.

Phillips and Drew say that the figures "provide precious little reassurance that pay settlements have so far been kept to moderate levels."

Furness Withy tumbles to £0.9m after shipping loss

TAXABLE PROFITS of Furness Withy Group dived from £5.75m to £901,000 in the first half of 1979 on turnover down from £95.3m to £92.3m.

The group's shipping operations suffered a trading loss of £1.1m, against £4.23m profit. This includes a turnround to a £1.29m loss at Manchester Liners.

However, the offshore side lifted trading profits from £1.04m to £1.62m, and the non-shipping sector went ahead from £1.39m to £1.59m. Other activities brought in £372,000 (£27,000).

These improvements enabled the group to make a trading profit of £2.49m, compared with £6.68m.

However, interest charges rose from £3.8m to £4.9m.

The Board says that there are signs that the worst of the shipping slump may be over, but this is not true of certain sectors in which the group has important interests, including containerships and small bulk carriers.

They add that although problems remain for the second half the group is financially strong, broadly-based with the potential for increased profits.

Therefore, the interim dividend of 3.85p net per £1 share is unchanged, and the Board says it expects to pay a maintained final of 5.274p. Total taxable profits last year were £12.2m.

The half-yearly taxable surplus was struck after profit from sale of ships up from £150,000 to £739,000 and investment income ahead to £1.8m (£1.07m).

The directors say the severe set-back at Manchester Liners reflects the continuing depressed market for cellular containerships chartered outside their own trades, the effects of the road haulage strike and the strength of sterling against the dollar.

Vigorous corrective action is being taken by Manchester Liners under its new chairman, Mr. W. A. L. Roberts. Three engineering subsidiaries which were incurring losses with no recovery prospects are in liquidation, and the company's resources will be concentrated on maintaining and developing its shipping interests.

Furness Withy (Shipping) suffered a serious reduction in trading profit from its cargo liner trades, again mainly caused by the transport strike and the sterling/dollar relationship. The exchange position has also meant that the group has not yet seen the contribution expected from improving dollar rates of hire for larger bulk carriers. Trading profit of cargo liner trades fell from £3.3m to £655,000 and the loss on bulk shipping was cut from £889,000 to £643,000.

Profits earned by the developing offshore business and non-shipping activities were encouraging, say the directors.

The results of associated companies include for the first time the 50 per cent interest in Bank and Savill Line, which is bearing a substantial loss on container service while it is in the costly development stage awaiting delivery of new purpose-built ships.

	Half-year 1979 £000	1978 £000
Turnover	92,300	95,300
Trading profit	2,487	6,680
Profit from ship sales	739	150
Investment income	1,805	1,072
Interest payable	4,922	3,798
Associate profits	792	1,649
Profit before taxation	901	5,753
Tax	882	2,321
Profit after tax	19	3,432
Minority losses	49	†375
Attributable	68	3,057

† Profits

A 100-bedroom hotel, costing about £2m, is to be built by Saxon Inn Motor Hotels, a subsidiary of Furness Withy, at Thorpe Wood, Peterborough. This will be the fourth Saxon Inn hotel.

MANCHESTER LINERS

Manchester Liners was hit by the haulage strike and the strength of the pound against the dollar. The group, which is a subsidiary of Furness Withy, suffered a turnround from a pre-tax profit of £834,000 to a £2.28m loss in the first half of 1979. Total profits last year were £817,000.

There is no interim dividend, compared with 1p net. Last year the final payment was omitted.

The Board says that the company was brought to a virtual standstill by the transport strike and suffered heavy losses which have been, to some extent, recovered. The conversion of dollar revenue to a strong pound, had a particular effect on the tonnage chartered out at rates reflecting the continuing depressed market in cellular containerships.

The three principal companies in the engineering group, Manchester Dry Docks, Morrell Mills and Co., and Container Workshops, are being wound up by creditors voluntary liquidation.

Turnover and losses before interest and tax of the three companies for the half year, were £1.73m and £0.448m respectively, against £2.083m and £0.097m in the corresponding period last year. The net assets of the three companies, amounting to about £590,000 at December 31, 1978, have been eroded through trading losses for the half year.

In addition to these losses, there will be in the second half the closure costs. The ultimate loss will depend on the realised values of stock and fixed assets.

● **comment**

Furness Withy surprised many observers last year by its ability to weather the shipping recession but this is no longer the case. Having made pre-tax profits of £13.3m in the first half of 1977, it made less than £1m in the first six months of 1979. The combination of exchange rate movements and the very damaging impact of the haulage strike on Manchester Liners profits accounts for virtually all the interim downturn. However, leaving these special factors aside it is clear that Furness Withy's liner operations are feeling the pinch at last. The upturn in bulk shipping rates and Furness's hotch-pot of other activities provide some cushion to group profits. Even so, a prospective yield of 5.3 per cent on the shares at 244p is hardly generous.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberthaw Cement	int.	2.92	Dec. 31	2.8	—	7.55
William Baird	int.	5.25	Jan. 8	4.42	—¶	10.37
Ben Bailey		0.87	—	0.61	1.2	0.61
EDITH	int.	0.8	Nov. 30	0.73*	—	1.91*
Furness Withy	int.	3.85	Jan. 4	3.85	—	9.12
R. Goodwin		0.54	Dec. 4	0.52	0.54	0.52
Forward Technology		2.7	—	1.95	4.7	3.45
Gratten Warehouses	int.	1.87	Nov. 30	1.79	—	6.21
Inter-City Inv.	int.	0.6	Dec. 17	0.6	—	1.17
Kode Intl.	int.	2.21	Jan. 4	1.84	—	5.25
Walter Lawrence 2nd	int.	5.2	Jan. 7	4.04*	7§	5.84*
Oxley Printing	int.	1.5	Jan. 4	1.2	—‡	2.76
Marks & Spencer	int.	1.5	Jan. 11	1.15	—	2.61
Photax	**int.	1.5	Nov. 16	1.2	—	3.03
Spirax-Sarco	int.	2.5	Dec. 5	2.1	—	4.96
Steel Brothers	int.	3.15	Dec. 19	2.75	—	7.15
Time Products	int.	0.45	Jan. 16	0.16*	—‖	1.83*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 2p final forecast. § For 12 months to June 30. Current period is 18 months. ¶ 7p final forecast. ‖ 2.25p final expected. ** To reduce disparity.

WESTERN AREAS LIFTS PROFITS

In the Johannesburg Consolidated group's September quarterly reports, higher gold prices have made a particular impact on Western Areas. Randfontein has also done better but has again dealt with an increased proportion of lower grade ore. The mine's uranium production is expected to further improve in the current quarter.

	Sept. qtr. R000	June qtr. R000	Mar. qtr. R000
Randfontein	22,596	18,425	20,417
Western Areas	11,759	8,047	8,650

RIT buys major stake in Savoy Group for £8.4m

BY JAMES BARTHOLOMEW

Grand Metropolitan has sold its stake in Savoy Group to Rothschild Investment Trust for £8.4m, and Savoy has welcomed its new shareholder.

Rothschild Investment Trust said yesterday that it regarded Savoy as a long term investment with very good potential. The Savoy Group includes The Berkeley, Claridges, and the Connaught as well as the Savoy Hotel—all among the finest London hotels.

Pre-tax profits of the group of £1.2m last year are regarded by analysts as being below the potential for a company with such assets. Rothschild is not the first to look at the stake. Grand Metropolitan itself bought it from Trafalgar House Investments.

Last week it was announced that Mr. Giles Shepard, 42, would take over as managing director of Savoy from Sir Hugh Wontner, who had held the position for 39 years.

Mr. Maxwell Joseph, chairman of Grand Metropolitan, said yesterday, "the reason for the sale is that interest rates have risen very sharply since out purchase of the shares in September of last year, and the shares are returning only 2 per cent. We are planning to reinvest the proceeds in other areas to show a greatly improved return."

Savoy emphasised last night that the deal had not come as a surprise. They had been aware that Grand Metropolitan wished to sell and that Rothschild Investment Trust has been among the possible buyers.

Rothschild Investment Trust now owns 7.1m "A" ordinary shares of Savoy and 94,056 "B" ordinary shares. These stakes together hold 16.3 per cent of the votes.

SHARE STAKES

Brixton Estate—John James Group of Companies has disposed of 14,500 5 per cent Preference shares leaving holding nil. Perelle nominees has acquired 14,500 Preference shares (9.67 per cent).

Hestair—G. H. Hollybead, director, bought 400 shares and not 400,000 shares as taped.

Estates Property Investment—Following recent rights issue, Royal Insurance Company is interested in 1,525,102 shares (8.25 per cent).

Barrow Hepburn Group—Caparo Group has acquired a further 200,000 Ordinary shares making a total of 6,506,040 (26.9 per cent).

J. B. Holdings—A. J. A. Ferguson, director, has sold 21,000 Ordinary held indirectly and 5,000 Ordinary held directly.

Pilkington Brothers—A. C. Pilkington, director, has acquired 19,221 shares beneficial. He has disposed of 48,054, non-beneficial. Total disclosable interest 6,495,623 shares (5.22 per cent).

Pressac Holdings—Wife of G. W. Clark, director, has disposed of 15,000 shares leaving holding 36,280 (0.9 per cent). G. W. Clark has disposed of 25,000 leaving 53,830 (1.34 per cent). G. Wagstaff, director, has disposed of 10,000 leaving 120,000 (3 per cent). The transactions were carried out between February and June.

Benlox Holdings—Park Place Investments has bought a further 30,000 shares, bringing total to 444,900 (19 per cent).

Barber agrees to Hanson take-over

Hanson Trust has won the agreement of Barber Oil to the take-over it proposed nearly four weeks ago which values the U.S. energy group at $162m.

Hanson and Barber jointly announced yesterday that they intend to sign a definitive agreement by November 16. Hanson will have completed its investigation of Barber by the same date.

The offer was first announced on September 17. Barber would not comment on it then but two weeks later asked Hanson for "prompt clarification" of the conditions of the offer.

Hanson maintained that it would be difficult for Barber to reject the offer since Barber had already recommended a lower one from Englehard Minerals and Chemicals Corporation. Englehard has since withdrawn its offer.

VTM BUYS HUGHES (BLYTH)

VTM (UK), the London-based sales company for the international VTM/Vitrolm Group, has purchased Hughes (Blyth), the North of England maker of vitreous resistors and inductors. The new subsidiary will retain the name Hughes, (Blyth) and will function alongside VTM's other manufacturing plants in Denmark, West Germany, Portugal and Italy. All sales, as before, will be through VTM (UK).

VTM will be initially injecting over £100,000 into the company.

HARRISONS AND CROSFIELD

Harrisons and Crosfield has signed a definitive agreement to purchase the net assets and business of PPG Industries chrome chemicals business. H and C paid $30.5m cash for the business from borrowing facilities which have been arranged for that purpose.

H and C has formed a wholly-owned U.S. subsidiary, American Chrome and Chemicals Inc., to operate the chrome chemicals business. PPG's chrome chemicals business represents about $25m in annual sales.

EDBRO FORMS NEW COMPANY

Edbro (Holdings) is forming a new company, Hyva B.V., to distribute hydraulic products for the commercial vehicle industry of its manufacturing subsidiary, Edbro, in certain European countries. This had previously been carried out by wholly-owned subsidiaries.

Hyva will be based in Holland with subsidiaries to be formed in other territories

Hyva or its subsidiary will acquire the assets of Edbro France and Edbro Belgium for cash, and Edbro will subscribe DFl 525,000 (about £125,000) for 21 per cent of the share capital of Hyva in which Jost-Werke GmbH will own a 51 per cent interest.

The assets of Edbro France and Edbro Belgium will be acquired on a net asset basis to be calculated on the takeover date. At August 31 these payments would have amounted to £976,000 and £944,000 respectively. The proceeds will be used to subscribe for the shares in Hyva and the balance to reduce group borrowings.

Assuming no effect on sales, the loss of profits to the group in the year to March 31, 1979 for companies ceasing to trade would have been about £325,000.

Dutton-Forshaw shares suspended

SHARES of Dutton-Forshaw, the BL and Rolls-Royce car distributor, were suspended at 76½p pending an announcement regarding an offer for the company. On the stockmarket the Lancashire-based group was valued at £20.5m.

The group announced that talks were in progress towards the end of last month. At the time directors declined to give any clue as to who the potential buyer might be and were equally tight-lipped yesterday about the identity of the potential bidder.

However an announcement is expected in the next few days. Most mentioned as a possible suitor in the past few weeks has been Lonrho, which distributes Volkswagens, but it had earlier denied that it had made an approach.

Dutton is predominantly a BL distributor although it also owns Jack Barclay, the Berkeley Square distributor of Rolls-Royce, and has recently started distributing on a small scale for Ford and Chrysler.

In the last financial year ending December 31, 1978, profits were £4.17m on turnover of £183.6m. For the six months to June 30, 1979 pre-tax profits fell from £2.69m to £2.52m.

To improve the gearing ratios, Dutton-Forshaw was conducting a professional revaluation of the group's properties and the directors expected this to show a surplus over book values.

In the last accounts fixed assets of the group stood at £15.5m while net current assets were £14.4m.

Major shareholders in the company are ICFC with an 18.1 per cent holding; and M and G Investment Management with a 7.8 per cent stake.

BARRATT DEVLPT.

Barratt Developments has acquired for £1.25m cash Ambrose Builders, a wholly owned subsidiary of Coral Leisure Group.

Ambrose has almost 800 plots of land in Lancashire and Merseyside and the acquisition will further enable Barratt to consolidate its position in private house building in the North West.

Averys denies need for forecast

A letter written by the chairman to Averys shareholders says that the profits forecast which GEC wants is "irrelevant."

Last week GEC extended its offer for Averys to allow Averys to make a profit forecast.

But Mr. Richard Hale, chairman of Averys, tells his shareholders, "The results for a single period of half a year which was affected by a major national dispute are irrelevant either in deciding whether Averys, which has been trading for some 250 years, should remain independent or in establishing an appropriate value for Averys' business."

Mr. Hale adds that the GEC is trying to take advantage of the engineering dispute to acquire Averys cheaply and urges shareholders not to accept the GEC offer.

In the GEC camp the Averys' letter was dubbed "disappointing." S. G. Warburg, GEC's advisers, said that a forecast was desirable but it would consider the matter further before taking any action. Avery's claim that GEC is trying to capitalise on the engineering dispute was wholly denied.

'Phone bill payment trebles

A POST OFFICE leaflet explaining the effects of the recent computer billing dispute has caused a trebling of advance payments to £250,000 a day by telephone subscribers. The message warned customers of the large telephone bills to come and suggested ways to prepare for them.

Sir William Barlow, chairman of thte Post Office, said: "We really need this money because no business can survive undamaged from a crippling strike of this sort. Today, as we prepare to recover the £700m in outstanding telephone bills, every penny we receive will help reduce the burden."

Most customers will receive a bill for two quarters' rental and about nine months' calls when the main batch of "catch-up" bills starts going out in November. Three months later, a second bill will cover two quarters' rental and three months' calls.

French trawler under escort

A FRENCH trawler was escorted into Milford Haven yesterday by the fisheries protection vessel HMS Lindisfarne, the Ministry of Agriculture said.

The trawler, Mousse Bihamcos, was alleged to have been found fishing in a proscribed area of the Bristol Channel and suspected of catching shrimps with an illegal net.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½ %
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½ %
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid. East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	16 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
The Cyprus Popular Bk.	14 %	Twentieth Century Bk.	15 %
Duncan Lawrie	14 %	United Bank of Kuwait	14 %
Eagil Trust	14 %	Whiteaway Laidlaw	14½ %
English Transcont.	14 %	Williams & Glyn's	14 %
First Nat. Fin. Corp.	15½ %	Yorkshire Bank	14 %
First Nat. Secs. Ltd.	15½ %		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Spirax 9% ahead and sees further progress

TAXABLE PROFITS of Spirax-Sarco Engineering, the international energy control group, rose 9 per cent to £2.92m in the first half of 1979, compared with £2.67m last time. Turnover was 8 per cent higher at £18.7m, against £17.25m.

Mr. A. C. Brown, chairman, says that assuming the disruptive effect of the recently settled engineers' dispute will not be prolonged, he expects further progress in the second half. For the whole of 1978, pre-tax profits reached a record £5.92m.

	Six months 1979	1978
	£000	£000
Turnover	18,687	17,251
Trading profit	3,204	2,886
Interest	286	215
Profit before tax	2,918	2,673
Tax	1,298	786
Net profit	1,620	1,887
Minorities	55	62
Attributable	1,565	1,825
Dividend	498	426

Of the period under review, the chairman says order intakes and invoiced sales in real terms showed increases over last time. But the strong pound hit turnover expressed in sterling, and the sterling value of overseas subsidiaries' profits and net assets.

The group has continued to expand its market coverage overseas, including the founding of its own company in Finland since the start of the year.

Tax for the half year is sharply higher at £1.3m (£786,000). The directors explain that the charge has been estimated at the rate expected to be incurred in the full year. This rate is likely to be higher than last time because of a reduction in stock relief and a decrease in capital allowances.

The net interim dividend is raised from 2.1p to 2.5p—last year's final was 2.86p. Earnings per 25p share are given as 7.9p (9.2p).

● comment

Spirax-Sarco stands a reasonable chance of emerging unscathed from the engineering dispute. Stocks of raw materials and components are high while, so far, the ordering pattern by customers has seen no change. The picture may alter markedly towards the end of the year but for the moment it seems that the group is capable of maintaining the 9 per cent interim pre-tax profit growth rate. That suggests total profits of £6.45m for a fully taxed p/e of around 12 and if the interim dividend increase is held at the final the prospective yield is 4.7 per cent at 180p. The shares have dropped less than 12 per cent from the 1979 peak and clearly stand at a premium to the sector. Overseas profits accounts for about half the total and the potential in expanding markets in South America and the Far East helps to explain the high rating as does the ability to maintain margins through the transport strike and to push ahead with volume growth.

Medens Trust options sold

All outstanding options for shares in Medens Trust had been sold since the year end, Mr. Alford Collins, chairman, said at the trust's annual general meeting. Around £100,000 of additional equity capital had thus been raised, he added, enabling borrowing limits to be increased at a very important time.

Despite sharply rising money costs, the group looked forward to maintaining last year's record level of profitability.

Downturn for Oxley Printing

THE TRANSPORT strike and cost of settling in new machinery at two main subsidiaries affected Oxley Printing Group, the printing and platemaking concern.

In the first half of 1979 the taxable surplus fell from £705,000 to £607,000 on turnover up from £11.2m to £14.3m. The profit includes Government aid for certain subsidiaries of £46,000 (£138,000).

However, the group is lifting the net interim dividend from 1.1976p to 1.5p and intend to pay a final of 2p, compared with last year's 1.5661p. Total taxable profit in 1978 was £1.55m (£1.41m).

Interim after-tax profits are down from £661,000 to £553,000.

The Board says that since midway business has been buoyant in most divisions, and "the problems posed by new machinery and technology are being overcome."

Notwithstanding the substantial capital spending, the group is operating well within its financial facilities.

FRANCIS INDS.

All the industrial action at Francis Industries has now been lifted. All group companies are "rapidly returning to full activity earlier than had been anticipated."

Grattan profits hit by heavy costs and VAT rise

EXCESSIVE COSTS and the June VAT increase caused trading profits of Grattan Warehouses, the mail order concern, to fall 12.2 per cent in the 28 weeks to August 18, 1979. After modernisation expenditure and a steep rise in interest charges, pre-tax surplus dropped some £2m to £2.46m.

Sales in the spring and summer season increased strongly by almost 26 per cent to £105.33m, excluding VAT, against a background of healthier than anticipated demand, reflecting the improved range and content of the catalogue, says Mr. J. M. Pickard, the chairman. This sales rise resulted in an improvement in the company's market share in line with the Board's planned programme.

The company incurred heavy costs throughout the season in handling the level of demand, following stock and order processing delays at the commencement of the period, which were aggravated by the road haulage strike and a change in its catalogue numbering systems.

The large VAT increase brought a sudden decline in clothing sales and this, coming so late in the season, added to the normal level of end of season stock depreciation.

Interest charges for the period jumped from £0.21m to £1.3m, caused by higher interest rates and increased borrowings, which the chairman says were necessary to support the sales rise and higher stock levels. Planned modernisation expenditure doubled from £310,000 to £620,000.

Mr. Pickard says it is too early to forecast the full year outcome, although the autumn and winter season has started encouragingly with both demand and sales continuing at the first-half level.

For the year ended January 31, 1979, pre-tax profits were down from a record £11.75m to £10.65m.

Half-yearly deferred tax takes £1.28m (£2.32m) leaving net profits almost £1m lower at £1.18m. The net interim dividend is raised from 1.788p to 1.986p, costing £821,065 (£785,940)—the final last time was 4.425p.

Referring to the subject of a possible takeover offer for the company, the chairman reports that no formal discussions have taken place but a number of informal approaches have been made to it over the past six months. One competitive company, UDS Group, has acquired 4.99 per cent of Grattan equity in the course of the last year through one of its subsidiaries.

Mr. Pickard adds that the directors, in conjunction with Morgan Grenfell and Co., are exploring means of ensuring the further growth of the business, and this would not necessarily rule out some form of association with another organisation.

● comment

With the dreadful news of a 45 per cent drop in pre-tax earnings, the pressure is on at Grattan Warehouses. The company has been hit by dramatically higher interest charges, the VAT increase in June and the effects of the transport strike. Yet competitors, Empire Stores and Freeman, were exposed to these same problems and managed to do better in the first half. The market sent the price down 18p to 136p and it might have sunk even lower had it not been for Grattan's carefully worded comment concerning the possibilities of "an association with another organisation." Things are not looking bright for Grattan, which is committed to a long-term programme of modernisation and sales expansion. The plans could pay off in two or three years' time, but it is now anyone's guess as to what may happen before then. The full-year costs of interest charges and modernisation may total about £4m, suggesting a reduced cover for the dividend, which should cost £2.9m if maintained.

Roll-over boost for EDITH

NET REVENUE before tax of Estate Duties Investment Trust was lifted in the half year to September 30, 1979, from £1.19m to £1.38m.

A record £2.75m was invested in new business, of which £1.3m was satisfied by the issue of 1.77m new 25p shares in EDITH to the vendors of shares in six unlisted companies, enabling them to claim roll over relief for capital gains tax.

Since September 30, a further 583,333 shares have been issued in exchange for a minority shareholding in another unlisted company, raising EDITH's capital to £20.22m against £17.8m.

An interim dividend of 0.8p is announced, against an equivalent last time of 0.73p. Total last year came out at an equivalent 1.91p.

Charter Consolidated Limited

PROPOSED RESTRUCTURING

The board of directors announce that negotiations have been completed with Anglo American Corporation of South Africa Limited (AAC), De Beers Consolidated Mines Limited (De Beers) and Minerals and Resources Corporation Limited (Minorco) for sales and purchases of certain assets which are described below. The exchanges will increase Charter's United Kingdom-based industrial holdings and strengthen the cash resources available for the development of its business, furthering the board's objective of creating a better balance between its mining and industrial investments and between its U.K. and foreign earnings. Charter will retain large and diversified interests in mining both in conjunction with AAC and its associates and otherwise.

As has been announced separately, AAC and Charter have acquired the interest of Imperial Chemical Industries Limited (ICI) in Cleveland Potash Limited (Cleveland) but AAC has agreed to provide all funds required for operations at Cleveland until February 1980. In terms of the proposals which are now to be put forward, should the continuation of operations at Cleveland after that date be considered to be justified, the mine will be financed without any call being made on the resources of Charter.

It is part of these proposals that Charter shareholders will receive approximately 26.2 million new shares in Minorco, issued in consideration for investments to be acquired from Charter by Minorco. Minorco is a Bermudian-based mining and industrial investment company with a wide range of interests in metals and minerals as well as important industrial holdings on the North American continent. Charter will retain its existing interest in Minorco, and thus Charter shareholders will be able to participate in the future development of Minorco both directly and through Charter itself.

Details of the Scheme

The scheme will be fully described in a document which it is proposed to post to Charter shareholders and loan stockholders on or about 22nd October, 1979.

Listed investments have been valued on the basis of middle market prices on 10th October, 1979 being the last day prior to the suspension of the Charter and Minorco share quotations. In the case of investments held in South Africa the market prices on 9th October have been used, as the Johannesburg Stock Exchange was closed on 10th October for a public holiday. Unlisted investments have been valued by agreement, having regard where appropriate to the market prices on 10th October for underlying listed securities.

The proposals may be summarised as follows:

(1) Charter will transfer to Minorco its interest in Anglo American Investment Trust Limited (Anamint), whose main investment is a substantial holding in De Beers and part of its investment in Anglo American Corporation of Canada Limited (Amcan). Minorco will also acquire an additional interest in Amcan from AAC and De Beers, bringing its total holding in that company to 50%.

(2) Charter will sell most of its remaining assets in southern Africa to AAC and to De Beers. These assets include its shareholdings in AAC, Rustenburg Platinum Holdings Limited and others. Charter will also dispose of its holdings in Anglo American Corporation do Brasil Limitada (Ambras) and Australian Anglo American Limited (AAA).

(3) From the proceeds of these sales Charter will purchase from AAC and De Beers 28% of the share capital of Johnson Matthey & Co Limited. Johnson Matthey is a U.K. based group, with funds employed in excess of £180 million. Its main businesses include the refining, fabricating and marketing of precious metals and its banking subsidiary is a member of the London Gold Market. Johnson Matthey's recent high level of capital investment in the three industrial divisions — chemicals and refining, colours and transfers, and mechanical products — should provide a firm foundation for building up future profitability. The acquisition of this holding will appreciably broaden Charter's industrial involvement in Britain and the United States. The directors of Johnson Matthey have indicated their intention to invite representatives of Charter to join the board of the company, to replace those nominated by Johannesburg Consolidated Investment Company, Limited.

Charter will also enlarge its investment in two mining operations in Europe, Tara Exploration and Development Company Limited and Société Minière d'Anglade, by the acquisition of further shares from AAC and its associates.

(4) The balance of the consideration due to Charter on these transfers is estimated to amount to the equivalent to £40.6 million in cash. In addition Charter shareholders will receive shares in Minorco on the basis of one Minorco share for every four Charter shares currently held, with the option to sell for cash all or part of their entitlement to AAC and De Beers at U.S. $4.65 per share. AAC and De Beers intend in due course to place with institutional investors some or all of the shares acquired in this way to widen the ownership of Minorco. Shares in Minorco, or the cash proceeds, will normally qualify for the investment currency premium in the hands of U.K. residents.

Through the enlarged Minorco, Charter shareholders will be able to retain a continuing interest in the assets transferred to it, as well as in the operations of AAA and Ambras.

(5) As already announced Charter and AAC have acquired for a nominal consideration the 50% interest of ICI in Cleveland. ICI, Charter and AAC have provided Cleveland with approximately £26 million (in their original shareholding ratios of 50:37.5:12.5) to enable it to pay off all third party loans, for which they had given guarantees and other assurances.

Charter and AAC have agreed to continue with operations at Cleveland and believe that the increased production in the first five months of 1979 and the improvements in the layout of the mine provide grounds for some optimism that the operation can be brought to profitability. However, it has not yet proved possible to obtain a level of production above that achieved in April and it has been agreed therefore that performance should be reviewed in February 1980. AAC and Charter will become equal partners in the project, but AAC has undertaken to provide all funds required for operations to February 1980.

As an integral part of the proposals being put to shareholders, and subject to the February review, AAC has undertaken to provide such further funds as the mine requires, these funds and those subscribed to the end of February 1980 being recoverable with an annual return of 25% as a first call on Cleveland's cash flow. Thereafter Charter will share equally with AAC in any cash flow from the project.

If at any time a decision should be taken to close the mine or suspend operations, Charter's funding obligations will be limited to a maximum of £4.5 million, being 37½% (Charter's former shareholding interest) of the estimated cost if the mine had been closed now.

The board believes that the present proposals in regard to Cleveland are of very considerable advantage to Charter and its shareholders in that Charter is able to quantify its maximum liability in the event of closure, while retaining the right to share in any future positive cash flow of the project without incurring further losses and responsibility for funding operations at the mine.

Effect of the Scheme on Charter

After the Scheme becomes effective, Charter's principal industrial investment, in addition to that to be acquired in Johnson Matthey, will be its 67.3% holding in Cape Industries Limited. Its other industrial interests, which are wholly-owned, are Elastic Rail Spike Company Limited, MKR (Holdings) Limited (formerly MK Refrigeration Limited), Heatrae-Sadia Holdings Limited and Torque Tension Limited. Charter will retain 25.8% of the issued share capital of Selection Trust Limited, 14.7% of the enlarged share capital of Minorco and a 4.3% holding in Rio Tinto-Zinc Corporation Limited. Charter's main direct mining interests in addition to Cleveland will be in lead and zinc through Tara, in tin through Malaysia Mining Corporation Berhad, in tungsten through Beralt Tin and Wolfram Limited and Société Minière d'Anglade, and in nickel and copper through BRST/BCL.

The proposals when implemented will represent a major step towards the board's objectives of achieving a better balance between Charter's mining and industrial investments and between its U.K. and foreign earnings. The board intends to continue to develop and augment the company's industrial interests, while at the same time taking advantage of opportunities for profitable investment in mining operations, especially in those areas and commodities related to Charter's existing investments and where its technical skills can be effectively employed.

The arrangements in regard to Cleveland Potash are attractive to Charter in that it will have a right to participate in the cash flow if the mine can be brought to profitability, without the risk of incurring further losses or funding obligations, apart from the limited responsibility for closure costs.

Charter shareholders will obtain a direct interest in Minorco which is increasing its already substantial interests, principally in North America, in the extraction, processing and marketing of minerals, oil and other commodities, by the acquisition of a 50% interest in Amcan. Minorco will be further strengthened by the acquisition, through Anamint, of a substantial investment in the international diamond industry.

In view of Charter's increasing emphasis on industrial interests, Dr. A. Spinks, who was a member of the board of ICI from 1970 until 1979, was appointed to the board on 16th October 1979. In addition it is the intention that on the scheme becoming effective Lord Robens, chairman of Johnson Matthey and Mr. H. R. Hewitt, managing director, be invited to join the board.

Mr. M. B. Hofmeyr, who has been managing director since 1972 and chairman and managing director since 1976, will be returning to South Africa next year to join the Operating Committee of the Executive Committee of AAC. Dr. Spinks will be appointed non-executive chairman from 1st April, 1980. Mr. J. N. Clarke, an executive director of the company, will succeed Mr. Hofmeyr as managing director with effect from today and will become chief executive of the company on 1st April, 1980. Mr. F. J. A. Howard, who has been a member of the board since January 1978, is appointed an executive director with immediate effect.

Mr. W. D. Wilson and Mr. G. A. Carey-Smith have retired from the board. Mr. Wilson, who was Charter's first managing director and a deputy chairman from 1965 to 1968, has retired from active business. Mr. Carey-Smith was an executive director from 1972 to 1975, and is now chief executive of Anglo American Corporation Zimbabwe Rhodesia Limited.

Financial effects of the Scheme

Net assets of Charter at 30th September 1979, but as valued for the scheme in the case of the investments being transferred were estimated at £374 million or 357p per share.

After the scheme becomes effective, and taking into account the investment currency premium realizable and estimates of the taxation charges and other expenses which arise from implementing the proposals, the net assets of Charter will be £305 million, or 291p per share. However for every four Charter shares now held Charter shareholders will receive one new Minorco share with net asset value, based on market values at 10th October, 1979, of U.S. $6.76 per share (312p), or at their discretion U.S. $4.65 in cash, equivalent to 236p in the hands of United Kingdom residents.

The earnings of Charter for the year to 31st March, 1979 were £23.0 million (21.9p per share) and for the half-year to 30th September 1979 £14.4 million (13.7p per share). Details of Charter's performance for the six months to 30th September 1979 will be found in the interim report issued today. Assuming that the scheme had become effective at the beginning of the relevant periods then the pro forma earnings of Charter for the year to 31st March 1979 would have been £27.7 million (26.4p per share) and for the half-year to 30th September 1979 £13.9 million (13.3p per share).

The scheme document will set out the basis on which the pro forma earnings have been compiled and will show that, while the overall earnings of Charter will not be materially affected by the Scheme, the amount of income from the various sources will be considerably altered, in particular investment income will be reduced with a corresponding increase in the share of retained earnings of associated companies.

The directors of Charter intend, if the scheme is approved, to declare an interim dividend for the year to 31st March 1980 of 3p per share, together with a special dividend of 0.35p per share to be paid on or about 3rd January 1980. The special dividend should be regarded as derived from income already received by the company in the current financial year from the investments to be transferred to Minorco under the proposals. If the proposals are approved, and in the absence of unforeseen circumstances, the directors intend to recommend a final dividend of 5p per share, making total dividends including the special dividend of 8.35p per share for the year.

The directors of Minorco have stated that, assuming the Scheme becomes effective, and in the absence of unforeseen circumstances, they intend to recommend a final dividend for the year ending 30th June 1980 of 15 cents per share on the enlarged capital which is currently equivalent to 1.73p before taxation for every Charter share held.

It is also proposed to seek the consent of the holders of the Charter convertible unsecured loan stock to the early redemption of the loan stock at par.

Implementation of Scheme

The proposals summarised above will be effected in part by a Scheme of Arrangement under the Companies Act 1948 and separate meetings of holders of fully paid and partly paid Charter shares and convertible loan stock will each have to approve the Scheme.

Application is being made to the High Court on 17th October to direct that the requisite meetings be held on 14th November 1979. On that basis, providing the Resolutions are duly passed and the Scheme sanctioned by the High Court, it is expected that the proposals will become effective on or about 4th December 1979.

It is expected that dealings in Charter shares will recommence on 17th October 1979.

The board of Charter has been advised by Hambros Bank Limited and Morgan Grenfell & Co. Limited.

16th October 1979

CHARTER CONSOLIDATED LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR HALF-YEAR TO 30th SEPTEMBER, 1979 (UNAUDITED)

	Half-year to 30.9.79 £000	Half-year to 30.9.78 £000	Year to 31.3.79 £000
Income from investments			
Associated companies	485	437	3,778
Other investments	9,757	9,708	15,739
	10,242	10,145	19,517
Surplus on realizations of investments	3,721	9,170	11,990
Trading profit of industrial subsidiaries	10,924	10,263	21,212
	24,887	29,578	52,719
Deduct:			
Administration and technical expenditure	2,132	1,921	4,096
Prospecting expenditure	637	430	1,079
Interest payable less receivable	1,003	1,968	2,941
	3,772	4,319	8,116
	21,115	25,259	44,603
Retained profits less losses of associated companies	5,022	1,575	(56)
PROFIT BEFORE TAXATION	26,137	26,834	44,547
Taxation			
Group companies	6,576	8,987	14,299
Associated companies	3,405	1,755	3,666
	9,981	10,742	17,965
PROFIT AFTER TAXATION	16,156	16,092	26,582
Deduct:			
Minority interests	1,775	1,632	3,591
ATTRIBUTABLE TO CHARTER	14,381	14,460	22,991
Earnings per share	13.72p	13.79p	21.93p
Proposed interim and special dividends of 3.0p per share and 0.35p per share respectively (previous year's interim—3.025p)	3,513	3,172	

NOTES:

(i) Retained profits less losses of associated companies include an amount of £3.1 million, being Charter's share of the losses of Cleveland Potash for the half-year ended 30th June, 1979 (30th September, 1978 — £1.9 million being share of Cleveland's losses for the quarter to 30th June, 1978 the first period for which the results of Cleveland were included).

(ii) Minerals and Resources Corporation Limited, which is presently an associated company of Charter has for the first time in its accounts for the year to 30th June, 1979, accounted for its share of its own associated companies' profits. Charter's profits after taxation for the half-year to 30th September, 1979 included £1.9 million in respect of these profits.

(iii) Principal extraordinary items for the half-year to 30th September, 1979.

(a) It was announced today that the company and Anglo American Corporation of South Africa Limited have acquired for a nominal consideration the 50% interest of Imperial Chemical Industries Limited (ICI) in Cleveland and that ICI, Charter and Anglo American Corporation have provided Cleveland with approximately £26 million to enable it to repay all third party loans for which they had given guarantees or other assurances. In addition Charter has continued to contribute its share of working capital for Cleveland during the half-year.

The sums subscribed by Charter under these arrangements have been dealt with in extraordinary items as follows:—

	£000
Funds subscribed to enable Cleveland to repay its third party loans	9,792
Contribution to working capital during the six months to 30th September, 1979	3,137
	12,929
Deduct: Amount previously provided	7,801
	5,128
Deduct: Share of Cleveland's loss (for the six months to 30th June, 1979) included in group share of retained profits less losses of associated companies	3,062
To be included as an extraordinary item	2,066

(b) The results of overseas subsidiary and associated companies have been converted into sterling at the rates ruling at the end of their respective accounting periods. A deficit of £2.9 million (30th September, 1978 £1.3 million) arose from the translation into sterling of the group's foreign assets and liabilities.

(c) Surplus from the sale of long term investments (net of taxation) totalled £0.7 million (30th September, 1978 £4.6 million).

DIVIDENDS

The directors intend, as part of the proposals for the restructuring of the company being announced simultaneously with this report, to declare on the date the proposals take effect (expected to be 4th December, 1979) an interim dividend of 3p per share (4.28p per share including tax credit of thirty-seventieths) and a special dividend of 0.35p per share (0.50p per share including tax credit). These dividends would be payable on or about 3rd January, 1980 to shareholders registered at the close of business on the date of declaration and to persons presenting coupon No. 30 detached from share warrants to bearer.

16th October, 1979

By Order of the Board,
D. S. BOOTH, Secretary

IMPERIAL CHEMICAL INDUSTRIES LIMITED ('ICI')
CHARTER CONSOLIDATED LIMITED ('CHARTER')
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED ('AAC')

(Incorporated in South Africa)

CLEVELAND POTASH LIMITED

ICI, Charter and AAC have concluded an agreement whereby Charter and AAC have acquired ICI's 50% shareholding in Cleveland Potash for a nominal consideration.

Under the agreement ICI, Charter and AAC have provided Cleveland Potash with approximately £26 million in the original shareholding ratios of 50:37.5 and 12.5 to enable it to repay all third party loans for which they had given guarantees and other assurances. In addition if it should become necessary to close the mine at any time up to 31 August 1981, ICI will make a contribution on a diminishing scale to the cost of closing the mine.

The existing potash sales contract between Cleveland Potash and ICI will continue and the period of the contract has been extended.

The arrangements that have been made between Charter and AAC for the provision of funds to Cleveland Potash are the subject of a separate announcement issued today by Charter.

16th October 1979

MINING NEWS

Anglo gives Charter a new start

BY KENNETH MARSTON, MINING EDITOR

THE AWAITED restructuring proposals for the Anglo American Corporation group's UK Charter Consolidated and Bermuda-registered Minerals and Resources Corporation (Minorco) companies do not amount to a merger but to an interchange of assets which involves Anglo and De Beers.

Importantly, the deal also relieves Charter of any further responsibility for the struggling Cleveland Potash operation in Yorkshire. It is to be kept going, at least until next February, by Anglo. Imperial Chemical Industries has pulled out of this partnership leaving Anglo and Charter each with 50 per cent.

Shareholders in Charter are to be given new shares in Minorco on a one-for-four basis. Part or all of these may be resold to Anglo and De Beers at a price of $4.65 per share, equivalent to 238p in the hands of UK residents.

Charter also intends to declare an interim for the year to next March of 3p plus a special dividend of 0.35p. A final dividend of 5p is anticipated making total dividends for the year of 8.35p against 8.625p for the year to last March. Earnings for the half year to September 30 amount to £14.4m or 13.7p per share.

Of the major investment portfolio changes, Charter is to receive from Anglo and De Beers a 28 per cent stake in platinum refiners, **Johnson Matthey** — described by Mr. Harry Oppenheimer as "a major strategic holding."

Charter will also get 3.5 per cent of **Tara Exploration**, raising its interest to 14.3 per cent; 15 per cent of **Societe Miniere d'Anglade**, bringing the total held to 40 per cent; and £46m cash.

In return, Charter is to transfer to Minorco the 10 per cent stake held in **Anglo American Investment Trust**, 18.7 per cent of **Anglo American Corporation of Canada**; £5.9m cash.

Charter is to give De Beers a 5.9 per cent stake in Anglo bringing the De Beers holding to 39 per cent; 15 per cent in Australian Anglo American plus 15 per cent of the base metal *interests and 12 per cent of the gold interests of Anglo American Corporation do Brasil.* Charter will give Anglo a 4.2 per cent stake in **Rustenburg Platinum**.

Minorco and **Zambia Copper Investments** are to be relieved *of their financial obligations in* respect of the Botswana RST Selebi-Pikwe nickel-copper operation in Botswana.

While the various exchanges of assets may appear complicated, they clarify the positions of Charter and Minorco. Now relieved of the heavy financial responsibilities that have been overhanging them, the two concerns can pursue further development.

For Charter, there is the prospect of enlarging its UK and Continental interests and to achieve a better balance between mining and industrial income with the emphasis on the latter. At the same time the group's cash resources will be strengthened.

Minorco's direction will be towards opportunities in North America and the Pacific area and, via the issue of new shares, to widen the company's public shareholding.

If the scheme becomes effective net assets of Charter will amount to some £305m, or 291p per share.

Mr. Harry Oppenheimer's view on the proposals is: "The value of the shares in Charter as reconstructed, together with the value of Minorco shares to be issued to Charter shareholders, will, I believe, show a considerable improvement over the value of the existing Charter shares, and the total dividends accruing to shareholders will, we estimate, be significantly higher than would otherwise have been the case."

See Lex

PROFITS SURGE AT MIM

Improved prices for copper and zinc, and especially for lead and silver, helped **MIM Holdings**, the Australian group, to more than treble first quarter profits.

Net earnings for the three months to September were A$37.25m (£19.26m), compared with A$11.96m in the same period of last year, the group announced yesterday.

But MIM added a word of caution about the prospects. While high demand for its metals continued, inflation and the rise of interest rates in the U.S. give cause for concern about the western economies and the consequent impact on metal markets, it said. The shares in London yesterday were 174p.

Setback for Prieska in September quarter

THE SEPTEMBER quarterly reports from the mines in the Anglo-Transvaal Consolidated group make a very mixed showing.

A major disappointment comes from the **Prieska** copper-zinc mine which had managed further to increase earnings in the previous quarter despite the fact that only one shipment of concentrates was made during the period compared with two shipments in the March quarter.

In the past three months, however, Prieska's profits have fallen sharply. The setback reflects a fall in production of copper and zinc concentrates as a result of lower ore grades coupled with a mechanical breakdown.

There was again only one shipment of concentrates made during the quarter and although despatches of copper concentrates were slightly higher, there was a marked fall in those of zinc.

To exacerbate the situation, the latest quarter's figures bear the additional cost of R1.54m in treatment charges which should have been accounted for in the June quarter. Furthermore, the producer price of zinc in the latest quarter was lowered to $780 per tonne from $845.

The latest quarter's profits of the antimony-producing **Consolidated Murchison** have also dropped in line with lower sales. But here, again, shipments vary from quarter to quarter and there is the hope that a catch-up will be seen in the current three months.

Of the group's gold mines, the marginal **Loraine** has done remarkably well thanks to an average gold price received of $346 per ounce compared with $266 in the June quarter. At same time, milling and gold grade have increased while costs have eased.

The higher gold price, however, has not boosted earnings of **Hartebeest**. The benefits have been swallowed by a sharply increased tax charge, resulting from lower than expected capital expenditure, coupled with higher costs and lower production. Non-mining income has also fallen.

The **Anglo-Vaal** group's latest net profits are compared in the following table.

	Sept. qtr. R000	June qtr. R000	Mar. qtr. R000
Hartebeestfontein	22,191	23,243	15,663
Loraine	2,436	†443	†583
Cons. Murchison	876	2,229	2,286
Prieska	2,678	7,021	6,423
East Transvaal ...	1,448	1,481	1,031

† After receipt of State aid.

ROUND-UP

A large silver deposit has been discovered in the Shandung province of China, near the Yellow Sea coast, according to Radio Peking. The broadcast added that gold, tin and zinc were also found in the deposit.

* * *

Northgate Exploration and **Orofino Mines** of Toronto are discussing the possibility of a joint venture at the old Orofino gold prospect in the Horwood Lake area of Sudbury in north east Ontario. Over the years extensive surface drilling and some underground work on two levels has been done at the property. One estimate of reserves was 600,000 tons of ore grading 0.28 ounces of gold a ton.

* * *

Pioneer Concrete Services said *in Sydney that it had built up a stake of 38 per cent in* **Kathleen Investments**, a partner at the Nabarlek uranium deposit in the Northern Territory.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—British Home Stores, City of Oxford Investment Trust, Enth, Gerrard and National Discount, T. C. Harrison, Hunting Associated Industries, Jersey General Investment Trust, Jessel Toynbee, Marshall's Universal, Mettoy, W. L. Pawson, Provident Life Association of London, Scottish Heritable Trust, Selincourt, Smith St. Aubyn, United States Debenture Corporation, Westpool Investment Trust, Winchmore Investment Trust, York Trailer.

Finals—Armour Trust, Hensher (Furniture Trades), Kalamazoo, C. H. Pearce, Ramar Textiles, Sun Life Assurance.

FUTURE DATES

Interims—	
Costain Brothers	Oct. 24
Dorrington Investment	Oct. 26
Outwich Investment Trust	Oct. 22
Tozer, Kemsley and Millbourn	Oct. 23
Finals—	
British Sugar	Nov. 15
Courtney Pope	Oct. 19
Gleeson (M. J.)	Nov. 22
Hepworth (J.)	Oct. 30
Lucas Industries	Nov. 5
Newman-Tonks	Oct. 25
Priest Marians	Oct. 18
United Wire	Nov. 29
Walker and Homer	Oct. 25

R. H. COLE

R. H. Cole proposes to vary the security of its 8½ per cent *debenture stock 1988/93 and to* increase the interest rate to 8¾ per cent.

JOINT COMPANY ANNOUNCEMENT

CHARTER CONSOLIDATED LTD ('CHARTER')
MINERALS AND RESOURCES CORPORATION LTD ('MINORCO')*
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LTD ('AAC')†
DE BEERS CONSOLIDATED MINES LTD ('DE BEERS')†
ZAMBIA COPPER INVESTMENTS LTD ('ZCI')*

(together referred to as "the companies")

Introduction:

The boards of directors of the companies *announce that subject to the approval of share*holders, and other necessary consents being received, agreement has been reached on certain proposals developed in consultation between the companies.

The aims of the proposals are:

1. To enlarge the United Kingdom and European holdings of Charter, which is based in London, and to achieve a better balance between its mining and industrial investments, whilst strengthening cash resources available for its development.
2. To enlarge the asset base of Minorco, a Bermudian mining and investment company, to widen its public shareholding and to facilitate the development of its interests in North America and elsewhere.
3. To enable Charter shareholders to participate directly in Minorco.
4. To *relieve Charter of the liability to fund opera*tions at Cleveland Potash but enable it to participate in the cash flow if the mine can be brought to profitability.
5. To effectively relieve Minorco of financing and guarantee obligations in regard to Botswana RST Limited (BRST) and BCL Limited (BCL). BCL owns and operates a nickel/copper mine at Selebi-Phikwe in the Republic of Botswana and is held as to 85% by BRST.
6. To relieve ZCI of its obligations to Minorco in respect of BRST and BCL.

SUMMARY OF THE PROPOSALS

Separate announcements have been published today in connection with proposals relating to:

(a) The restructuring of Charter,
(b) Cleveland Potash Limited,
(c) The enlargement of Minorco, and
(d) Minorco and ZCI's contractual commitments to BRST/BCL.

These announcements give a detailed outline of the proposals as they affect each of the companies. An *overall summary of the proposals, showing their inter*related effect on the groups involved, follows:

CHARTER

1. ***Proposed transfers of assets from Charter to AAC and De Beers***

(a) 13,226,500 shares in AAC, representing a 5.9% interest, to be transferred to De Beers.

(b) A 15% interest in the equity capital of Australian Anglo American Limited (AAA), which is the *company* through which AAC and its associates invest in Australia; and associated interests held by Charter in gold and base metal prospecting companies in Australia, to be transferred to De Beers.

(c) Issued quotas representing 15% of the base metal interests and 12% of the gold interests of Anglo American *Corporation* do Brasil Limitada (Ambras) to be transferred to De Beers. Ambras has investments in gold, base metals, banking and the food industry in Brazil.

(d) A 4.2% interest in Rustenburg Platinum Holdings Limited and a number of other minor investments in southern Africa to be transferred to AAC.

2. **Proposed transfers to Charter from AAC and De Beers**

(a) A 28% interest in Johnson Matthey & Co. Limited, a United Kingdom company whose principal businesses are in banking, the marketing and refining of precious metals and the manufacture of colours, pigments and transfers. De Beers, in furtherance of the Scheme, acquired on 12th October, 1979 the 23% interest in Johnson Matthey formerly held by Johannesburg Consolidated Investment Company Limited.

(b) A 3.5% interest in Tara Exploration and Development Company *Limited*, *bringing Charter's* holding to 14.3%.

(c) A 15% holding in Société Minière d'Anglade, bringing Charter's holding to 40%.

(d) £46.6 million in cash.

3. **Proposed transfers from Charter to Minorco**

(a) A 10% interest in Anglo American Investment Trust Limited (Anamint), whose main investment is a substantial holding in De Beers.

(b) An 18.7% interest in Anglo American Corporation of Canada Limited (Amcan), which is primarily an investment company whose *principal* asset is its 44.9 per cent holding in Hudson Bay Mining and Smelting Co. Limited — a diversified natural resources group with major interests in base metals, oil, gas and fertilizers. Hudbay, in partnership with Minorco, owns 100% of the equity interest of *Inspiration* Consolidated Copper Company and controls Trend Exploration Limited.

4. **Proposed consideration in respect of assets transferred to Minorco**

(a) 26.2 million new Minorco shares will be issued to Charter shareholders in the ratio of one new Minorco share for every four Charter shares. Shareholders who do not wish to retain the new Minorco shares will be able to take advantage of the offer which will be made by AAC and De Beers to purchase for cash all or part of their entitlement at the price of U.S. $4.65 per share. AAC and De Beers intend in due course to place with institutional investors some or all of the shares acquired in this way, to widen the ownership of Minorco.

(b) £5.9 million in cash to be transferred to Minorco by Charter.

CLEVELAND POTASH LIMITED

It has been announced that Charter and AAC have acquired for nominal consideration the 50% interest of Imperial Chemical Industries Limited (ICI) in Cleveland Potash Limited (Cleveland). ICI, Charter and AAC have provided Cleveland with approximately £26 *million (in their original shareholding ratios of 50: 37.5:12.5)* to enable it to pay off all third party loans for which they had given guarantees and other assurances.

Charter and AAC have agreed to continue with operations at Cleveland and believe that the increased production in the first five months of 1979 and the improvements in the layout of the mine provide grounds for some optimism that the operation can be brought to profitability. However, it has not yet proved possible to obtain a level of production above that achieved in April and it has been agreed therefore that performance should be reviewed in February 1980. *AAC and Charter will become equal partners in the* project, but AAC has undertaken to provide all funds required for operations up to February 1980.

As an integral part of the proposals being put to shareholders, and subject to the February review, AAC has undertaken to provide such further funds as the mine requires, these funds and those subscribed to the end of February 1980 being recoverable with an annual return of 25% as a first call on Cleveland's cash flow. Thereafter Charter will share equally with AAC in any cash flow from the project.

If at any time a decision should be taken to close the mine or suspend operations, Charter's funding obligations will be limited to a maximum of £4.5 million, being 37½% (Charter's former shareholding interest) of the estimated costs if the mine had been closed now.

MINORCO

In addition to the above transactions with Charter, Minorco will acquire from AAC and De Beers a further *effective 31.3% interest in Amcan, bringing Minorco's* total interest in Amcan to 50% for a cash consideration of U.S. $32.3 million.

BRST/BCL

In conjunction with these proposals and subject to the necessary consents, De Beers will, as from 1st July, 1979 effectively relieve Minorco of its obligations to BRST and BCL, as indemnified by ZCI. The agreement between Minorco and ZCI dated 10th April, 1978 will be terminated. De Beers will lend ZCI sufficient funds to enable ZCI to repay in full its loan from Minorco, inclusive of accrued interest. This payment will amount to the balance outstanding at 30th June, 1979 *of U.S. $5.243 million, less repayments of U.S.* $3.9 million since that date. De Beers will also effectively assume the balance of ZCI's contractual commitments to provide finance to BRST/BCL with effect from 1st July 1979, and in addition De Beers will provide ZCI's portion of additional funds which shareholders may agree to provide, if BRST/BCL requires finance in excess of the contractual commitments before achieving a position cash flow.

In consideration for these arrangements ZCI will:

(a) Transfer to De Beers its holding of 19.7% of the preference share capital of BCL, while retaining its 11.75% interest in the equity of BRST.

(b) Cede to De Beers its interest in promissory notes representing loans to BRST and BCL and its interest in promissory notes issued by BCL in respect of royalties.

(c) Grant to De Beers a fixed charge over all of ZCI's assets and those of its subsidiary companies, as security for the obligation to refund to De Beers any contingent liabilities paid by De Beers in regard to BRST and BCL.

The loan advanced to ZCI by De Beers will be repayable out of the general cash flow of ZCI and as part of these proposals it has been agreed that once BCL is in a position to service and repay finance provided by its major shareholders, the cash flow in respect of ZCI's present participation will be applied first in repaying all amounts advanced by De Beers after 1st July 1979 to BRST and BCL together with interest at the rate of 25% per annum. Such cash flow *will secondly be applied towards the discharge of the* loan from De Beers to ZCI and, thirdly, will be applied to repay to ZCI, together with interest, all loans totalling U.S. $8.4 million advanced to BRST and BCL from 16th March 1978 to 30th June 1979 in terms of the financing obligations assumed by ZCI under the restructuring of BRST and BCL.

EFFECTS OF PROPOSALS

The principal effects of these proposals on the companies and their shareholders will be:

1. **Charter and its shareholders**

Charter will achieve a better balance between its mining and industrial investments and will strengthen cash resources available for the development of its business. It will acquire an important new investment in a successful industrial company, Johnson Matthey, operating in a field broadly related to Charter's other principal interests. Charter's shareholders, in addition to retaining their indirect interest in Minorco through Charter, will receive shares in that company and thus be able to participate in its expansion. Charter shareholders will also have the option to sell their Minorco shares to AAC and De Beers for cash if they so wish.

2. **Minorco and its shareholders**

For Minorco the proposals will involve a sub*stantial expansion of its interests through the* acquisition of a 50 per cent interest in Amcan and a 10 per cent interest in Anamint, while effectively relieving it of its obligations to provide continuing finance for BRST and BCL. Its shares will also be more widely held.

Minorco already has substantial interests in North America through its 29 per cent interest in Engelhard Minerals and Chemicals Corporation, its joint ownership with Hudson Bay Mining and Smelting Co. Limited of Inspiration Consolidated Copper Company, and its investment in Trend Exploration Limited. Its asset base will be substantially increased by the acquisition of important interests in Canada and thereby indirectly in the United States. Minorco will also acquire, through its holding in Anamint, a significant interest in the international diamond business.

Minorco will be repaid the loan to ZCI and in addition, will be relieved of its contractual commitments to provide funds to ZCI which at 30th June 1979 were approximately U.S. $8.9 million. It will also be indemnified against its contingent liabilities in respect of guarantees of approximately U.S. $18.4 million concerning BRST/BCL. Minorco has arranged a multicurrency loan facility of U.S. $50 million from a consortium of major banks which will be used in part to finance the net cash consideration due from Minorco under the proposed arrangements. The proposals will allow Minorco's dividend to be significantly *increased. It is anticipated that dividends totalling* 19 cents a share will be declared for the financial year ending 30th June 1980, compared with 12 cents a share in each of the years 1977, 1978 and 1979.

3. **AAC and De Beers and their shareholders**

While designed inter alia to enhance the intrinsic value of shareholders' investments in Minorco and Charter, the proposals are not expected to have a material effect in the short term on the earnings or net asset value of AAC or De Beers. AAC will retain its holding in Charter and will acquire new Minorco shares. AAC and De Beers *intend to rearrange their shareholdings in* Minorco, Amcan, AAA and Ambras broadly in the ratio of 2 to 1. AAC and De Beers will participate in the long term advantages which are expected to flow from the establishment of a more appropriate structure for the future development of both Charter and Minorco as well as in the development of Amcan, Ambras and AAA.

The obligations relating to Cleveland and BRST/BCL undertaken by AAC and De Beers will entitle them to reimbursement, out of any future cash flow from these undertakings, of amounts advanced by them, together with a return appropriate to the risks involved.

4. **ZCI and its shareholders**

ZCI is relieved of its existing commitments and guarantee obligations in respect of BRST and BCL at a time when substantial additional finance *is forecast* to be required (in order to achieve a positive cash flow) which ZCI's financial resources are insufficient to meet and when Minorco, which has hitherto stood behind ZCI, has other priorities for the investment of its resources. ZCI will, however, have an obligation to refund to De Beers any contingent liabilities *paid by De Beers with respect to BRST and BCL*.

Circulars describing the proposals in detail will be posted to the shareholders of Charter, Minorco and ZCI on or about 22nd October 1979.

It is expected that dealings in the shares of Charter, Minorco and ZCI will recommence on 17th October 1979.

The board of Charter has been advised by Hambros Bank Limited and Morgan Grenfell & Co., Limited. The boards of Minorco and ZCI have been advised by Lazard Brothers & Co., Limited.

16th October 1979

*Incorporated in Bermuda †Incorporated in South Africa

MINERALS AND RESOURCES CORPORATION LIMITED ('MINORCO')

(Incorporated in Bermuda)

The board of Directors announce that agreement has been reached between Minorco, Charter Consolidated Limited (Charter), Anglo American Corporation of South Africa Limited (AAC), and De Beers Consolidated Mines Limited (De Beers), whereby Minorco will acquire two substantial investments with a total value of U.S. $141.2 million; will enlarge its public shareholding; will be repaid the loans advanced to Zambia Copper Investments Limited (ZCI) and released from or indemnified against its obligations in relation to Botswana RST Limited (BRST) and BCL Limited (BCL).

These proposals will be described in detail in a circular to be posted to shareholders on or about 22nd October 1979. They are subject to the necessary consents of shareholders, and resolutions to approve the transactions will be put to a Special General Meeting to be held on 14th November 1979.

The following is a summary of the proposals:

(i) Minorco will acquire from Charter an interest of 18.7% in the equity capital of Anglo American Corporation of Canada Limited (Amcan) valued at U.S. $19.4 million. Minorco will also acquire from Charter one million ordinary shares representing a 10% interest in the equity capital of Anglo American Investment Trust Limited (Anamint) valued at U.S. $89.5 million. In consideration for these acquisitions Minorco will issue direct to Charter shareholders 26.2 million new ordinary shares in Minorco on the basis of one new ordinary share in Minorco for every four Charter shares held. The balance of the consideration will be settled by U.S. $12.9 million in cash payable by Charter to Minorco.

(ii) Minorco will acquire from AAC and De Beers a further effective 31.3% interest in Amcan, increasing *its total investment in Amcan to 50%, for a cash consideration of U.S. $32.3 million.*

(iii) De Beers will lend ZCI sufficient funds to enable ZCI to repay the loan advanced by Minorco to enable ZCI to meet its commitments to BRST and BCL. De Beers will indemnify Minorco against certain financing obligations and contingent liabilities in respect of BRST and BCL, and will acquire ZCI's interest in BRST and BCL with the exception of the ordinary shareholding in BRST which ZCI will retain. AAC will release Minorco from certain obligations undertaken by Minorco to AAC in *respect of BRST and BCL. As a result, the agreement between Minorco and ZCI dated 10th April* 1978 and referred to in the circular to shareholders dated 11th April 1978 will be terminated.

Minorco has arranged a multi-currency loan facility of U.S. $50 million part of which will be used to finance the cash consideration due from Minorco to AAC and De Beers. The loan is for a period of ten years and is repayable in five equal instalments over the last four years.

EFFECT OF THE PROPOSALS ON MINORCO

These proposals form part of a broader scheme for an exchange of investment holdings between Charter, Minorco, AAC and De Beers, and if accepted by shareholders would result in:

(i) A major increase in Minorco's North American interests through the acquisition of a 50% interest in the capital of Amcan, whose principal asset is its holding of 44.9% in Hudson Bay Mining and Smelting Co. Limited (Hudbay). Hudbay has copper and zinc mining interests in Canada and holds *inter alia* 50% of the equity of Terra Chemicals International Inc. which manufactures fertilizers and agricultural chemicals in the United States. Hudbay has a significant interest in oil and gas production through its 69.1% investment in Canadian Merrill Limited, its 54.9% investment in Francana Oil and Gas Limited. Hudbay, in partnership with Minorco, owns 100% of the equity interest of Inspiration Consolidated Copper Company and controls Trend Exploration Limited, which operates in Canada, the USA and Indonesia.

(ii) The acquisition by Minorco of 10% of the share capital of Anamint, whose main investment is a sub*stantial holding in De Beers. This represents a significant holding in the international diamond* industry.

(iii) Minorco will be effectively relieved of its obligations amounting to U.S. $18.4 million in relation to guarantees and indemnities given for sums borrowed by BRST/BCL and by the Republic of Botswana from third party lenders for financing the copper/nickel mine in Botswana. These guarantees and indemnities relate to ZCI's participation in BRST/BCL, and Minorco has been counter-indemnified by ZCI. Minorco has further undertaken to lend or procure for ZCI funds to enable ZCI to meet its contractual commitments to BRST/BCL for the future financing and expansion programmes of the mine. At the 30th June, 1979 Minorco had lent U.S. $5.24 million to ZCI in terms of this undertaking. While ZCI has repaid U.S. $3.85 million from funds released from Zambia, it has been required, since 30th June 1979 to advance a further U.S. $2.12 million to BRST and BCL. In consequence the balance of this loan, inclusive of accrued interest, amounted to U.S. $3.51 million at 30th September 1979. De Beers will make available to ZCI loan finance at a commercially related rate of interest to enable ZCI *to repay this loan in full, together with accrued interest.*

(iv) In addition to the increase in the size of the company, Minorco will also have a wider spread of shareholders.

EFFECT OF THE PROPOSALS ON SHAREHOLDERS

The major effects on shareholders of the adoption of the proposals (assuming they were effective throughout the financial year) are as follows:

(i) an increase in the profit after taxation of 1.8 U.S. cents per share or 6.9 per cent;

(ii) a decrease in net profit for the year of 14.2 U.S. cents per share or 14.4 per cent. It should be noted that the decrease is wholly attributable to the corporation's share of earnings retained by associated companies;

(iii) the net asset value per share of the existing issued capital, taking no account of the proposals and based on the consolidated balance sheet as at 30th June, 1979, but with market values as at 10th October, 1979, amounts to U.S. $7.52. After implementation of the proposals, the net asset value per share on the enlarged share capital calculated on the above basis, will be U.S. $6.76, a dilution of U.S. $0.76 per share. This dilution should, however, be viewed in the light of the indemnification and release of the corporation in terms of the proposals from contingent liabilities and from contractual commitments to provide finance in respect of BRST and BCL which in aggregate at 30th June, 1979, amounted to U.S. $27.24 million, equivalent to U.S. $0.37 per share. The contractual commitments *in themselves are unlikely to be sufficient to bring the project to a positive cash flow.*

As a result of the material increase in investment income, combined with the release from the obligations to provide funds for ZCI in respect of BRST/BCL, the board intends, in the absence of unforeseen circumstances and on the basis of current estimates, to recommend that the dividend for the year to 30th June 1980 be increased to 19c per share (1979 12c per share). An interim dividend of 4c per share will be declared on or about 14th November 1979 payable on 11th January, 1980 to shareholders registered on *30th November 1979. The final dividend will be 15c per share on the enlarged capital.*

Mr. H. F. Oppenheimer will become chairman of the corporation and, upon Mr. W. D. Wilson's retirement at the forthcoming annual general meeting Mr. H. R. Fraser, who as the chief executive officer has taken up residence in Bermuda, will succeed him as president. It is proposed to reconstitute the board of Minorco when the proposals become effective to reflect its enlarged public shareholding and the further development of its international business. The board will be augmented by the appointment of a number *of directors to make it more broadly respresentative of the corporation's areas of interest.*

In addition to the approval required by Minorco's shareholders to the resolutions to be proposed at the Special General Meeting these proposals are also contingent upon:

(i) The necessary approvals being obtained to a Scheme of Arrangement between Charter and its shareholders and loan stockholders.

(ii) The said Scheme of Arrangement being sanctioned by the High Court in England and being registered with the Registrar of Companies.

(iii) The Stock Exchange in London granting a listing for the new ordinary shares to be issued in the corporation.

It is expected that dealings in Minorco's shares will recommence on 17th October 1979.

The board of Minorco has been advised during these negotiations by Lazard Brothers & Co., Limited.

16th October 1979

Walter Lawrence ahead for year: dividend up

For the 12 months (to June 30, 1979) of the current 18 months accounting period, pre-tax profits of Walter Lawrence amounted to £1.5m against £1.13m in the previous year and the directors believe progress will be maintained.

Earnings per 25p share are stated as 13.4p (10.1p) and a second interim of 5.2p makes a total of 7p for the year against an equivalent 5.84p in 1977-78.

Midway profits amounted to £517,000 (£528,000) but the Board was confident that overall results for the 12 months would not be unsatisfactory. The total dividend was expected to be at least equivalent to the previous year's payment after adjusting for the scrip issue.

Mr. John Redgrave, chairman, says the improved results are particularly encouraging against the background of the very severe winter and the transport strike.

In addition, initial costs of more than £100,000 were absorbed by the newly-formed Walter Lawrence Homes and Walter Lawrence Civil Engineering companies. These two companies are now beginning to trade profitably.

The building and property activities have shown an overall improvement with the industrial warehouse developments and the housing side of the Frederick Coyle and Co. subsidiary also making valuable contributions, he says.

Manufacturing and engineering and timber products all increased their profits and further improvements are expected. Although the results of the plant hire company were disappointing, decisive action has been taken to remedy the situation.

Over the year, the group's short-term borrowings were reduced by some £3m, partly through the sale of investment properties and an engineering subsidiary and the completion of two industrial developments.

The group has diversified in the past two years and its activities now encompass construction, property, manufacturing, engineering and retailing of D-I-Y products.

	12 months 1978-79 £000	1977-78 £000
Turnover	48,465	38,841
Overseas losses	—	142
Profit before tax	1,503	1,131
Tax	733	579
Net profit	768	552
Minorities	97	48
Extraord. debits	*82	1116
Attributable	578	620
Dividends	350	292
Retained	229	328

* Principally cessation of overseas operations as reported in 1978 accounts. † Credit.

NEB profit downturn in first half

By John Elliott, Industrial Editor

Profits of the National Enterprise Board dropped during the first half of this year from £23.1m to £20.4m before taxation and extraordinary items were taken into account.

This was reported yesterday by Sir Leslie Murphy, chairman, who said the drop was caused by the lorry drivers' strike last winter and the rising value of the pound hitting the activities of the board's subsidiary and associate companies.

He added that the engineering workers' pay dispute had hit the NEB's companies in recent weeks which meant that he did not anticipate that the results for the full year would be much improved.

After deducting taxation and minority interests, but before extraordinary items, the profit figure for the first half was £10.3m compared with £9.2m in the same period last year.

Excluding the board's BL and Rolls-Royce subsidiaries, the profit before interest, taxation and extraordinary items was £7.6m compared with £8.7m for January-June last year.

This produced a return on capital employed of 8.6 per cent compared with 10.2 per cent for the period last year. The Government's target for the NEB is to reach 15 to 20 per cent by 1981, but this is now being reduced to take account of the NEB's restricted activities under the present Government.

	Six months 1979 £m	1978 £m
Turnover	2,152.1	2,032.7
Depreciation	54.6	47.9
Operating profit	43.8	55.5
Operating profit	43.8	55.5
Associates' profits	8.7	4.3
	52.6	59.8
Interest payable	32.2	36.7
Profit before tax	20.4	23.1
Taxation	8.1	11.0
Net profit	12.3	12.1
Minorities	2.0	2.9
Items	10.3	9.2
Extraord. debits*	6.9	3.7
Attributable	3.4	5.5

* Exchange losses on translation of overseas assets and liabilities (£2.7m in 1978 primarily represented trading losses and closure costs of operations discontinued and closed.)

SCOTTISH NORTHERN

Pre-tax revenue of Scottish Northern Investment Trust was ahead at £1.2m against £1.1m for the half year to September 30, 1979. An interim dividend of 1.2p has already been announced. Stated earnings per 25p share rose this time from 1.37p to 1.56p.

At September 30, net asset value was 105.15p (102.63p).

Aberthaw Cement incurs £217,000 loss midway

HIT BY a very sharp rise in production costs, Aberthaw and Bristol Channel Portland Cement Company incurred a pre-tax loss of £217,000 in the first half of 1979, compared with a £522,000 profit for the same period last year.

However, from July, high production and sales and an increase in cement prices since August, have led to a considerable improvement and the group is trading profitably.

The rise in costs resulted from two increases in gas prices and exceptional costs arising from the severe winter.

Fuel costs represent a large proportion of the group's total costs and the directors say it is at a disadvantage in having to pay much more for fuel in 1979 than other cement manufacturers who use coal.

Despite bad weather, home trade deliveries were greater than in the corresponding period of 1978. The high demand level has continued and it is hoped that home trade deliveries in 1979 will be appreciably more than last year.

Following completion of the project to convert the Aberthaw kilns from gas to coal firing, expected in early 1980, the directors say there will be a significant reduction in production costs. This, combined with the high fuel efficiency of the kilns, should enable the group to be in a strong position.

The interim dividend is 2.9245p (2.7992p) net —last year's final was 4.7465p.

Depreciation charge took £336,000 (£319,000) and interest was up from £148,000 to £230,000. No tax is payable, against £242,000 last time.

RIGHTWISE

The directors of Rightwise are to seek approval at an EGM to be held on October 31, for the company to purchase holdings of its £690,000 10 per cent convertible unsecured loan stock 1993, by tender or by private treaty.

Halftime upsurge for Photax

Pre-tax profits of Photax, (London) the photographic equipment group, jumped from £108,000 to £245,000 in the first half of 1979 on turnover ahead 42 per cent to £2.63m.

The board points out that a big advance in turnover came from the widening range of goods distributed under the group's Photax Paragon brand name, and there were very encouraging sales from the two most recently acquired agencies, Stablitz electronic flashguns and Ucar professional batteries.

The directors add that sales have continued at a level which leads them to hope there will be another six months satisfactory trading.

To reduce disparity, the interim dividend per 25p share is being lifted from 1.2p to 1.5p which absorbs £30,000 compared with £22,600 after waivers on 100,000 shares.

The total payment last year was 3.03p after the taxable surplus had been raised from £222,429 to £237,541.

Yearlings unchanged

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 13½ per cent. Issued at par, they are due on October 22, 1980.

The issues are: Birmingham DC (£2m), City of Glasgow DC (£1.25m), City of Nottingham (£1.5m), Preston BC (£0.25m), City of Sheffield (£2.75m), Kirklees Metropolitan BC (£0.5m), Worthing BC (£0.25m), Woking BC (£.5m), Borough of Pendle (£0.25m), Taunton Deane DC (£0.5m), Berwick on Tweed BC (£0.75m), Walsall Metropolitan BC (£0.5m), City of Leeds (£0.25m), South Yorkshire Passenger Transport Executive (£0.5m), Newbury DC (£0.25m), Malvern Hills DC (£0.5m), Borough Council of Gateshead (£0.63m) and Wellingborough DC (£0.25m).

B. Bailey doubles dividend

Profit, after all charges, of Ben Bailey Construction advanced from £60,911 to £543,463 in the year to June 30, 1979. Turnover was marginally higher at £5.23m, against £5.03m.

The profit includes tax of £209,610 (£55,996), and £353,170 deferred tax this time on stock appreciation relief no longer liable to clawback.

Stated earnings jumped from £1.17p to 10.4p per 10p share. The net final dividend of 0.87p lifts the total to 1.2p. Last year there was a single payment of 0.605p.

At midway, there was a turnround from a £37,155 loss to a £164,788 profit. The directors now say the company can look to the future with confidence.

SIRDAR

Further Progress in 1979

Salient points from the Statement to shareholders by Mrs J.M. Tyrrell

- Pre-tax profits increased by 50%, following the 85% increase in 1978.
- A dividend of 4p for the year is recommended (1978: 2.0985p).
- The heavy investment programme started in 1976 is now nearly complete. Over £6m has been spent on plant replacement and improvement – mostly funded from cash flow.
- Ratio of debt to shareholders' funds reduced from 69% to 25%.
- Chenille yarns to be manufactured and introduced in 1979/80.
- High hopes of further records in 1980 – Sirdar's Centenary Year.

Summary of Results

Year ended 30th June	1979 £	1978 £
Turnover	21,355,003	19,264,655
Profit before tax	3,197,906	2,110,355
Profit after tax	2,551,665	1,667,957
Ordinary Dividend	471,938	234,750
Dividend Cover	5.4	7.1
Return on Shareholders' Funds	35.2%	30%
Earnings per Share (before tax)	26.63p	17.55p

Copies of the Annual Report, containing the Chairman's Statement in full, available from The Secretary, Sirdar Limited, Bective Mills, Alverthorpe, Wakefield, WF2 9ND

Rand Mines Limited

A Member of the Barlow Rand Group

Gold Mining and Colliery Company Reports for the Quarter ended 30th September, 1979

(All Companies incorporated in the Republic of South Africa).

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40, Holborn Viaduct, London EC1P 1AJ.

HARMONY GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1979.

OPERATING RESULTS—ALL PRODUCTS	Quarter ended 30.9.1979	Quarter ended 30.6.1979
Ore milled (t):	1 891 000	1 784 000
Gold—produced (kg):	8 195	8 095
—yield (g/t):	4.33	4.54
Uranium pulp treated (t):	1 290 000	1 297 000
Oxide produced (kg):	134 086	142 786
Yield (kg/t):	0.104	0.110
Pyrite concentrate recovered (t):	18 658	20 188
Sulphuric Acid produced (t):	30 967	31 195
Total Revenue (R/t milled):	44.97	37.04
Total Costs (R/t milled):	26.45	25.24
Total Profit (R/t milled):	18.52	11.80
FINANCIAL RESULTS—TOTALS IN R000's —All products		
Revenue—Gold, Silver and Osmiridium	R71 498	R57 000
—Uranium, Pyrite and Sulphuric Acid	R13 535	R9 065
Total revenue	R85 033	R66 073
Costs	R50 010	R45 023
Working profit	R35 023	R21 050
Sundry revenue (net)	R1 244	R1 154
Profit before taxation and State's share of profit	R36 267	R22 204
Taxation and State's share of profit	R18 568	R4 441
Profit after taxation and State's share of profit	R17 699	R17 763
Capital expenditure	R4 836	R10 254
Dividend declared	R22 852	R—
Loan levy	R1 447	R352

DEVELOPMENT

Quarter ended 30.9.1979 11 349 metres — Quarter ended 30.6.1979 11 534 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Oxide Value kg/t	Channel Width cm	Gold cm.g/t	Uranium Oxide cm.kg/t
Basal	788	728	9.7	0.233	89	866	20.74
Leader	2 490	2 332	5.0	0.182	108	536	19.62
Totals and Averages							
Quarter ended 30.9.1979	3 278	3 060	6.0	0.193	103	615	19.88
Quarter ended 30.6.1979	3 071	2 902	8.6	0.231	93	804	21.52

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

DIVIDEND

Interim dividend No. 46 of 85 cents per share was declared on 13th September, 1979 payable on or about 2nd Novetmber, 1979 to shareholdetrs registered on 28th September, 1979.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R7 806 000 which includes R4 344 000 for the new uranium plant. The estimated total capital expenditure for the remainder of the current financial year is R28.6 millipn which includes R10.8 million for the new uranium plant.

GENERAL

The major increase in taxation and State's share of profits, compared with the previous quarter, is due to the increased working profit and the very low capital expenditure. The capital expenditure for the remainder of the year to June 1980 will be at a much higher rate which will result in adjustments to the amount of tax and State's share of profits.

For and on behalf of the board.
D. T. WATT (Chairman), R. J. J. FOURIE — Directors

9th October, 1979.

DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1979.

OPERATING RESULTS	Quarter ended 30.9.1979	Quarter ended 30.6.1979
Gold		
Ore milled (t):	545 000	547 000
Gold produced (kg):	1 921.5	1 921.6
Yield (g/t):	3.53	3.51
Revenue (R/t milled):	30.63	24.88
Cost (R/t milled):	25.97	23.18
Profit (R/t milled):	4.66	1.70
Revenue (R000's):	16 695	13 609
Cost (R000's):	14 153	12 679
Profit (R000's):	2 542	930
Pyrite		
Pyrite concentrate sold (t):	6 260	6 117
FINANCIAL RESULTS (R000's)		
Working Profit—Gold	R2 542	R930
Working Profit—Pyrite	R89	R68
Sundry revenue (net)	R95	R106
State assistance claimed/(overclaimed)	(R387)	R501
Profit before taxation and State's share of profit	R2 319	R1 605
Taxation and State's share of profit	R233	R—
Profit after taxation and State's share of profit	R2 086	R1 605
Capital expenditure	R832	R677
Dividend declared	R—	R930
Loan levy	R22	R—
State loan repayment	R159	R—

DEVELOPMENT

Quarter ended 30.9.1979 6 873 metres — Quarter ended 30.6.1979 5 885 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
Kimberley	1 985	1 227	4.7	107	502
South	152	78	54.3	9	489
Main	93	63	14.0	125	1 745
Main Reef Leader	83	30	10.8	20	216
Totals and Averages:					
Quarter ended 30.9.1979	2 313	1 398	5.5	101	551
Quarter ended 30.6.1979	1 576	1 029	7.0	89	622

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R170,000. The estimated total capital expenditure for the remainder of the current financial year is R700 000.

PRODUCTION

During September, production was adversely affected due to the breakdown of a main compressor, which resulted in an estimated loss of 15 000 tons.

STATE ASSISTANCE

State assistance is determined annually. Owing to improved results for the quarter, the progressive State assistance claim for the 9 months to 30th September, 1979 was less than the amount claimed for the six months to 30th June, 1979 and, accordingly, a reduction in the amount claimed this year has been shown in this quarter's results.

STATE LOAN REPAYMENT

In terms of the Loan Agreement 66⅔ per cent of any quarter's mining income is repayable. After the repayment of R159 000 in respect of the quarter the unredeemed balance of the loan will be R2 497 000. Interest is calculated and capitalised at the year-end.

For and on behalf of the board.
D. T. WATT (Chairman), N. A. HONNET — Directors

11th October, 1979

EAST RAND PROPRIETARY MINES, LIMITED

ISSUED CAPITAL: R3 960 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1979.

OPERATING RESULTS	Quarter ended 30.9.1979	Quarter ended 30.6.1979
Gold		
Ore milled (t):	555 000	493 000
Gold produced (kg):	2 900.6	2 485.8
Yield (g/t):	5.23	5.04
Revenue (R/t milled):	44.00	35.54
Cost (R/t milled):	37.23	36.31
Profit (loss) (R/t milled):	6.77	(1.27)
Revenue (R000's):	24 421	17 524
Cost (R000's):	20 662	18 150
Profit (loss) (R000's):	3 759	(626)
FINANCIAL RESULTS (R000's)		
Working profit (loss):	R3 759	R(626)
Sundry revenue (net):	R643	R43
State assistance claimed/(overclaimed)	(R237)	R2 218
Profit before taxation and State's share of profit	R4 165	R1 635
Taxation and State's share of profit	R79	R79
Profit after taxation and State's share of profit	R4 086	R1 556
Capital expenditure	R1 611	R907
Dividend declared	R—	R396
Loan Levy	R8	R7
State loan repayment	R75	R—

DEVELOPMENT

Quarter ended 30.9.1979 3 668 metres — Quarter ended 30.6.1979 3 149 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
South	28	24	7.7	103	792
Composite	11	6	0.6	104	59
Main	63	12	2.1	120	247
Main reef leader	64	51	1.6	83	130
Totals and Averages					
Quarter ended 30.9.1979	166	93	3.3	94	311
Quarter ended 30.6.1979	101	81	19.4	62	1 199

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R203 000. The estimated total capital expenditure for the remainder of the current financial year is R1.6 millior.

SUNDRY REVENUE

Sundry revenue includes an amount of R600.000 in respect of an insurance claim arising from the fire which occurred in the F shaft area reported in the quarter ended June, 1979.

STATE ASSISTANCE

State assistance is determined annually. Owing to improved results for the quarter, the progressive State assistance claim for the 9 months to 30th September, 1979 was less than the amount claimed for the six months to 30 June, 1979 and, accordingly, a reduction in the amount claimed this year has been shown in this quarter's results.

STATE LOAN REPAYMENT

In terms of the Loan Agreement 66⅔ per cent of any quarter's mining profit after tax in excess of 8 57/68ths per cent of that quarter's mining income is repayable. After the repayment of R75 000 in respect of the quarter the unredeemed balance of the loan will be R4 887 000. Interest is calculated and capitalised at the year-end.

For and on behalf of the board.
D. T. WATT (Chairman), N. A. HONNET — Directors

11th October, 1979.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25c EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1979.

OPERATING RESULTS	Quarter ended 30.9.1979	Quarter ended 30.6.1979
Gold		
Ore milled (t):	497 000	476 000
Gold produced (kg):	4 775.1	4 777.3
Yield (g/t):	9.61	10.04
Revenue (R/t milled):	84.77	71.39
Cost (R/t milled):	35.68	34.13
Profit (R/t milled):	49.09	37.26
Revenue (R000's):	42 133	33 983
Cost (R000's):	17 735	16 247
Profit (R000's):	24 398	17 736
Uranium Oxide		
Pulp treated (t):	441 687	404 844
Oxide produced (kg):	68 671	62 576
Yield (kg/t):	0.155	0.155
FINANCIAL RESULTS (R000's)		
Working Profit: Gold	R24 398	R17 736
Working Profit: Uranium oxide	R3 654	R4 289
Sundry revenue (net):	R871	R751
Profit before taxation and State's share of profit	R28 923	R22 776
Taxation and State's share of profit	R15 944	R11 337
Profit after taxation and State's share of profit	R12 979	R11 439
Capital expenditure	R2 067	R3 038
Dividend declared	R—	R15 600
Loan Levy	R1 236	R887

DEVELOPMENT

Quarter ended 30.9.1979 5 834 metres — Quarter ended 30.6.1979 5 192 metres

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Oxide Value kg/t	Channel Width cm	Gold cm.g/t	Uranium Oxide cm.kg/t
Carbon Leader	79	66	51.2	0.505	40	2 048	20.18
Quarter ended 30.6.79	119	98	189.8	1.454	12	2 278	17.45

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R2 273 000. The estimated total capital expenditure for the remainder of the current financial year is R11.3 million.

For and on behalf of the board.
D. T. WATT (Chairman), N. A. HONNET — Directors

11th October, 1979.

WELGEDACHT EXPLORATION COMPANY, LIMITED

ISSUED CAPITAL: R4 090 813 IN SHARES OF 45 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1979, ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY

OPERATING RESULTS	Quarter ended 30.9.1979	Quarter ended 30.6.1979	Year ended 30.9.79
Tons sold—metric	462 484	492 438	1 799 261
Working Profit—cents per ton	182.3	273.4	258.7
FINANCIAL RESULTS	R000's	R000's	R000's
Working profit	843	1 346	4 653
Net railway revenue	15	616	980
Net sundry revenue	68	392	596
Provision for increased export freights	—	—	(572)
PROFIT BEFORE TAXATION	926	2 354	5 657
Taxation	(75)	656	1 048
PROFIT AFTER TAXATION	1 001	1 698	4 609
Capital expenditure	1 044	613	3 106
Drilling and exploration (included in net sundry revenue)	—	18	30
Dividend declared	1 455	817	2 272
Dividend received (included in net sundry revenue)	—	201	201

DIVIDENDS

Dividend No. 44 of 16 cents per share was declared on 11th October, 1979 payable on or about 16th November, 1979 to shareholders registered on 2nd November, 1979.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R895 000.

GENERAL

Working profits were affected by lower sales tonnage and by increased bunker charges which reduced export realisations.

The company participates through the Natal Associated Collieries in a contract for the export of coal on a C.I.F. basis during the fifteen months ending 31st December, 1980. Because of a substantial increase in freight costs this contract will probably be fulfilled at a loss to the company of R572 000 after allowing for taxation. Efforts are being made to reduce this potential loss but it has been considered prudent to provide against it in full in the current financial year.

For and on behalf of the board.
A. A. SEALEY, N. ZOLEZZI — Directors

9th October, 1979.

WITBANK COLLIERY, LIMITED

ISSUED CAPITAL: R13 744 674 IN ORDINARY SHARES OF R2 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1979 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES

OPERATING RESULTS	Quarter ended 30.9.1979	Quarter ended 30.6.1979
Tons sold—metric	2 022 810	1 741 346
Working profit—cents per ton	550.1	515.3
FINANCIAL RESULTS	R000's	R000's
Working profit	R11 127	R8 973
Net sundry revenue	617	2 679
PROFIT BEFORE TAXATION	R11 744	R11 652
Taxation	2 962	3 114
PROFIT AFTER TAXATION	R8 782	R8 538
Capital expenditure—gross	R13 451	R7 091
Escom funding	7 304	3 665
Exploration expenditure—included in net sundry revenue	181	113
Dividend declared	9 621	—

DIVIDEND

Dividend No. 146 of 140 cents per share was declared on 13th August, 1979 payable on or about 24th September, 1979 to shareholders registered on 31st August, 1979.

CAPITAL EXPENDITURE

There are commitments for capital expenditure, net of Escom funding in respect of Duvha, as follows:—

	R000's
Contracted	21 682
Authorised but not contracted	6 704
other proposed	19 939
	R48 325

GENERAL

The increase in working profit resulted from an increase in revenue of R1 552 000 due to higher sales on both the export and inland markets.

For and on behalf of the board.
A. A. SEALEY, R. B. MACGILLIVRAY — Directors

9th October, 1979.

GENERAL NOTES

1. Gold development values quoted herein represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when estimating ore reserves at the end of the respective financial years.
2. All financial figures are subject to audit.

Copies of these quarterly reports are obtainable from the United Kingdom Registrars and Transfer Agents Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Steels

(INTERNATIONAL TRADERS AND MANUFACTURERS)

Interim Announcement

The Board of Directors have declared an Interim Dividend of 3.15 pence for each of the 11,033,309 ordinary shares of 25p. each in issue requiring a distribution of £347,549. Dividend warrants will be paid on 19th December to shareholders registered on 19th November 1979. This interim distribution plus the related tax credit amounts to 18% compared with 16.42% in 1978.

RESULTS (unaudited)

Year ended 31st Dec 1978 £'000		Six months ended 30th June 1979 £'000	30th June 1978 £'000
96,982	Group Turnover	45,506	52,317
6,470	Group profit before items listed below	2,948	3,140
1,224	Taxation U.K.	534	611
1,693	Taxation Overseas	907	776
49	Extraordinary items	(429)	(33)
2,966		1,012	1,354
3,504	Profit after all charges	1,936	1,786
384	Minorities	113	174
3,120	Profit attributable to members	1,823	1,612
36	Preference dividends	18	18
3,084	Profit attributable to Ordinary Shareholders	1,805	1,594
28.51p	Earnings per Ordinary Share based on 11,033,309 shares (1978 - 10,990,305)	12.47p	14.20p

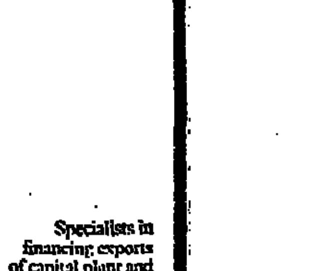
The appreciation of sterling against foreign currencies that took place between 30 June 1978 and 30 June 1979 vitiates comparison of the reported sterling figures as a measure of the Group's progress. The effect was to reduce the sterling value of overseas earnings whereas in terms of constant exchange rates profits of the six months to 30 June 1979 would have exceeded those of the corresponding period.

Our Canadian operations are more profitable than in recent years but conditions in the Middle East have been less buoyant. Our engineering interests generally are experiencing difficult trading conditions.

Disposal of the long term investment in Attock Petroleum Limited produced a profit which is included in extraordinary items.

Group profit for the year and net profit attributable to members, excluding extraordinary items, are expected to be similar to the levels achieved in 1978 but this, of course, must be subject to unforeseen circumstances and in particular to changes in the sterling value of foreign earnings.

Steel Brothers Holdings Limited
Sondes Place, Dorking, Surrey



W. Baird up to £3.3m and looks for year-end progress

TAXABLE PROFITS of William Baird and Co., the holding and investment group, rose from an adjusted £2.36m to £3.3m on revenue ahead from £54.6m to £58.5m. And the board is looking for continued progress at the year-end.

Operating profits of the textile division advanced from £1.95m to £2.41m; services from £152,000 to £302,000 the industrial side from £619,000 to £625,000, and investments (group companies) from £44,000 to £303,000.

The results have been adjusted following the sale of the group's holding in Dawson International for £13.8m in April. They now show only the dividend from Dawson which in the 1979 half year is £575,000 (£172,000).

Of the £13.8m from the Dawson sale, the Wilfred Verber acquisition in July required £2.7m and £1m has been applied to the early redemption of a term loan.

Seasonal borrowings have been cut by £2m and this sum, with more than £8m on short-term deposit, is available for permanent investment. Further acquisitions in the garment industry have been and are being considered.

However, the profit contribution from Verber—there was not one at midway—and interest saved or earned at current rates should represent more than £2m annually.

The net interim dividend is being lifted from 4.422p to 5.25p per £1 share, and the group intends to recommend a 7p final which would raise the total from 10.3651p to 12.25p. Taxable profits for 1978 totalled an adjusted £5.46m.

The midway pre-tax profit was struck after interest charges up from £484,000 to £848,000.

Tax totalled £1.06m (£596,000) leaving net profit ahead from £1.77m to £2.24m. After minorities of £10,000 (£2,000) the attributable surplus is £2.24m, against £1.77m.

Trading on the textile side during the first quarter was hampered by the haulage strike and severe weather. Baird Textiles came through this difficult period well and then experienced good trading. VAT increases in the June Budget subdued retail sales and brought pressure to bear on profit margins, but in spite of this the out-turn for the year should be satisfactory.

In the industrial division the reliable overall profit performance of Darchem continued in spite of the weather and transport strike. The internal insulation of the first of the advanced gas cooled reactor vessels was completed. Setback was suffered in some operations sensitive to sterling exchange rate, but others have stood up better than expected.

Recent interruptions to work, associated with problems in national wage negotiations in the engineering and chemical industries, make it unlikely that 1979 will show an advance in profit, but the record level of 1978 should be repeated.

In services the operations of Fergusson Wild during the first quarter were hit hard by UK strikes but virtually all the lost ground was made up during the second quarter. William Baird Services again increased its contribution to trading profits.

● comment

There are no surprises in Baird's figures, which show a 40 per cent jump in pre-tax profits. The bad weather and lorry drivers' strike depressed the first quarter but this was made up in the second three months by the spending boom prior to the VAT increase. The increase has, as expected, trimmed margins in the textiles division but the company is confident that this will be offset by the volume drive by retail customers such as Marks and Spencer (48 per cent of textile sales). Elsewhere, Darchem's thermal insulation activities have suffered a set-back, but there is still plenty of room for growth when more nuclear reactors are built. Underlying growth will almost certainly slow down in the second half—about £7.5m looks possible for the year. Fully-taxed, the prospective p/e is around 7 while the yield is 11.3 per cent at 160p, up 4p, a fair rating for a company with the major part of its earnings potential in the textiles sector.

G. Scholes set for expansion

To protect its existing market share and to secure and expand its future, the development effort of George H. Scholes and Company, maker of Wylex electrical products, has been directed to provide a wider range of products with emphasis on electricity consumer protection and safety.

Mr. G. R. C. McDowell, the chairman, also tells shareholders in his annual review that the directors feel that increased technical capabilities will establish more firmly the group's position, "in the forefront of the developing industrial and domestic market for circuit breaker and earth leakage protection."

The directors are confident that continuing growth may be anticipated.

As reported on September 19 on turnover of £13.26m (£10.89m), taxable profits for the year ended June 30, 1979, fell from £2.03m to £1.83m.

Kode advance at midway

A PROFITS advance is announced by Kode International, the computer equipment group. In the 26 weeks to July 13 1979 the taxable surplus rose from £608,025 to £778,521 on turnover ahead from £3.8m to £4.5m.

The board says the order book is substantially higher than at this time last year. The outcome for the year is expected to show continued growth, although the second half is being hit by external industrial disputes.

The directors add they intend to maintain the investment programme.

After tax up from £316,173 to £403,271 stated earnings per 25p share have advanced from 6.74p to 8.56p and the interim dividend is being lifted from 1.8425p net to 2.211p.

Last year after raising taxable profits from £864,000 to a record £1.25m, the total payment was 5.2475p net.

● comment

Speculative positions in electronics stocks started to unwind yesterday and Kode dropped 7p to 238p after a near 28 per cent interim pre-tax profit advance. That compares with 45 per cent growth last year but, if Kode has since fallen a little short of forecasts, it can at least blame the lingering effects of the transport strike last winter. The engineers' dispute has held up parts for the components subsidiaries—Moore Reed's order book has swollen to £1.4m—and the group has cut its own 1979 estimates by around £150,000 to something in the region of £1.45m. On that basis the prospective p/e is 14.9 and, assuming a 25 per cent total dividend lift, a yield of 4 per cent still has little more appeal than the earnings multiple. But it would take a very severe shake-out indeed before the sector fell back to anything resembling a pedestrian rating.

Steel Bros. hit by sterling

A SLACKENING in first-half taxable profits from £3.14m to £2.95m on turnover down from £52.3m to £45.5m is reported by Steel Brothers Holdings.

However, the directors explain that the appreciation of sterling against foreign currencies between June 30, 1978 and June 30, 1979 had the effect of reducing the sterling value of overseas earnings. In terms of constant exchange rates the midway profits would have exceeded those of the corresponding period, they state.

Barring unforeseen circumstances, particularly changes in the sterling value of overseas earnings, profits for the year are expected to be similar to the 1978 level of £6.4m.

Canadian operations of the construction, foodstuffs and manufacturing group proved more profitable than in recent years, but conditions in the Middle East have been less buoyant. Engineering interests are experiencing difficult trading conditions.

Earnings are shown at 12.47p (14.2p). The interim dividend is stepped up from 2.75p to 3.15p. Total last year was 7.15p.

Profits from the disposal of a long term interest in Attock Petroleum are included in an extraordinary credit of £429,000 (£33,000).

Forward Technology rises 54% to top £2m mark

A 54 PER CENT jump in taxable profits from £1.37m to a record £2.1m is reported by Forward Technology Industries, formerly MPI, for the year ended June 30, 1979. Turnover leapt from £23.68m to £40m, with exports from the UK ahead at £7.93m, against £4.3m.

Mr. Gordon Allen, the chairman, says the results demonstrate clearly the advantages of the group's policy of combining acquisition with internal growth.

First-half profits had risen by £301,000 to £954,000.

The chairman reports that the national engineering industry disputes have had little direct effect on the company, but the indirect effects on customers and suppliers are more difficult to quantify.

Whether the result will be lost orders or merely a deferral, remains to be seen over the next few months, he adds.

The Board is nevertheless confident that FTI will extend its growth this year on the existing foundations and it will continue to review the possibilities of adding suitable companies to the group.

For the year under review, sales and operating profits, £3.91m (£1.7m), were split between (with £000s omitted):—electronics and special purpose machinery £21,621 (£9,736) and £1,527 (£637), distribution £7,018 (£6,002) and £357 (£315), plastics £5,932 (£4,596) and £647 (£371), and sound reproduction £5,433 (£3,227) and £551 (£334) respectively. Central overheads net of rents received took £174,000 (£41,000 gain).

Interest charge for the period was up from £332,000 to £507,000. After tax of £546,000, (£342,000) and minorities, profits attributable to ordinary holders increased from £1m to £1.51m. There were extraordinary debits of £214,000 (£67,000).

Stated earnings per 25p, before extraordinary items, advanced from an adjusted 6.1p to 9.2p. On capital adjusted for last year's share split, the total dividend is lifted to 4.7p (3.5p) net, with a 2.7p final.

Capital expenditure in the year was £1.34m, almost double the depreciation provision, and included a substantial re-equipment of Pioneer Plastic Containers with machinery and ancillary equipment to extend its high speed production capacity for plastic food containers.

● comment

With a pre-tax leap of 54 per cent, Forward Technology has demonstrated the value of its policy of growth via a combination of acquisitions and organic progress. Stripping out the first-time 12-month contributions of KLN and Radyne (£350,000) and Cambra Products (£100,000) for six months, the group still shows an increase in its pre-tax earnings of 21 per cent. The group, which has prospered with a range of electrical and special purpose machinery, has reduced net borrowings through a property sale worth £1.5m and appears well placed for any further acquisitions. The dividend is up a third and yields 7.8 per cent at 85p, down 2p. The p/e stands at 14.6 on a full tax charge.

Interim results from Sears subsidiaries

Two Sears Holdings subsidiaries have reported half-year figures following publication of the parent company's interim results last week.

British Shoe Corporation lifted taxable profits from £22.7m to £28.94m in the six months to July 31, 1979, despite interest soaring to £2.06m (£34,000). Tax took £12.2m, against £11.4m—SSAP 15 has been applied and comparisons estated.

After higher interest of £3.31m (£2.15m), Sears Engineering suffered a turnround from a £55,000 profit to a £1.14m loss in the half year to June 30, 1979. There is a tax credit of £2.05m (£2.15m)—SSAP 15 has been adopted and comparisons adjusted.

High interest hits Inter-City Invest.

An increase of £150,000 in interest charges has taken its toll on profits of Inter-City Investment Group, with the first half of 1979 showing a reduction from £307,000 to £232,000.

Mr. J. Harris, the chairman, explains that apart from the general rise in interest rates, uncertainty of supplies for the wholesale distribution division (due to import quotas) necessitated the carrying of abnormally high stocks with resultant increase in borrowing.

Although the knitting division incurred a loss the remedial action is having effect and there is every sign that this division will return to profit.

Since June trading generally has become more difficult. However, it is expected that the release of income-tax repayments this month and the Christmas season will lead to an improvement in demand.

The interim dividend is held at 0.6p per share. Last year's total was 1.1725p paid from profits of £700,000.

ANGLOVAAL GROUP

Mining Companies' reports — Quarter ended 30 September 1979

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures for the quarter and progressive figures for the current year to date, including those of Loraine Gold Mines, Limited, are unaudited.
Rate of Exchange on 30 September 1979 R1,00 = £0,54, £1,00 = R1,84.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each

	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	Financial year ended 30 June 1979
Operating results			
Ore milled . . . t	728 000	750 000	3 027 000
Concentrates produced			
Copper . . . t	23 242	27 659	117 522
Zinc . . . t	22 839	26 738	118 985
Concentrates despatched			
Copper . . . t	28 648	28 159	121 696
Zinc . . . t	23 384	32 013	133 784
Financial results	R000	R000	R000
Operating profit	4 286	7 071	19 383
Non-mining income	276	330	1 108
	4 562	7 401	20 491
Interest paid	346	380	1 686
	4 216	7 021	18 805
Less prior year adjustment (See note)	1 538	—	—
Net profit	2 678	7 021	18 805
Loan repayments	45	2 894	5 787
Capital expenditure	2 108	2 954	6 920
	2 153	5 848	12 707
Development			
Advanced . . . m	5 601	6 324	26 208

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Prior year adjustment
The prior year adjustment represents treatment charges inadvertently not accounted for in the June quarter. The figures for the quarter and year ended 30 June 1979 have not, in accordance with generally accepted accounting practice, been restated.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 30 September 1979 are estimated at R1 502 000 (30 June 1979: R1 270 000).

General
Production was adversely affected by a breakdown of the underground primary crusher during July 1979.

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each

	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	Financial year ended 30 June 1979
Operating results			
Gold			
Ore milled . . . t	81 000	80 250	325 450
Gold recovered . . . kg	556,23	567,00	2 225,56
Yield . . . g/t	6,9	7,1	6,8
Revenue . . . R/t milled	63,20	52,46	44,33
Costs . . . R/t milled	25,41	22,34	21,67
Profit . . . R/t milled	37,79	30,11	22,66
Revenue . . . R000	5 119	4 209	14 430
Costs . . . R000	2 058	1 793	7 054
Profit . . . R000	3 061	2 416	7 376
Financial results	R000	R000	R000
Working profit — gold mining	3 061	2 416	7 376
Non-mining income	89	159*	435*
	3 150	2 575	7 811
Prospecting expenditure and stores adjustment	75	112	268
Profit before taxation	3 075	2 463	7 543
Taxation	1 629	982	3 530
Profit after taxation	1 446	1 481	4 013
Capital expenditure	210	546	1 013
Dividend	—	1 511	2 158
Transfer to general reserve to fund State loan levies	—	292	292
	210	2 349	3 463
State loan levy	155	49	292

*This figure includes profit from farming operations for the financial year.

	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	Financial year ended 30 June 1979
Development			
Advanced . . . m	2 009	1 742	6 576
Sampling results:			
Sampled . . . m	1 322	1 209	3 976
Channel width . . . cm	176	200	200
Channel value . . . g/t	50,7	8,3	12,8
. . . cm.g/t	8 908	1 653	2 559

State assistance
The Company remains classified as an "assisted mine" in terms of the Gold Mines Assistance Act, 1968.

Dividend
Final dividend No. 58 of 35 cents per share, declared in June 1979, was paid in August 1979.

Capital expenditure
Outstanding commitments at 30 September 1979 are estimated at R527 000 (30 June 1979: R126 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	Financial year ended 30 June 1979
Operating results			
Gold			
Ore milled . . . t	701 000	717 000	2 885 000
Gold recovered . . . kg	8 090,84	8 122,31	31 390,09
Yield . . . g/t	11,5	11,3	10,9
Revenue . . . R/t milled	98,98	82,85	70,23
Costs . . . R/t milled	42,15	37,72	36,44
Profit . . . R/t milled	56,83	45,13	33,79
Revenue . . . R000	69 385	59 406	202 602
Costs . . . R000	29 545	27 045	105 119
Profit . . . R000	39 840	32 361	97 483
Uranium oxide			
Pulp treated . . . t	694 000	717 000	2 885 000
Oxide produced . . . kg	102 623	109 366	379 704
Yield . . . kg/t	0.15	0.15	0.13
Financial results	R000	R000	R000
Working profit — gold mining	39 840	32 361	97 483
Profit from sales of uranium oxide, pyrite and sulphuric acid	10 389	12 371	31 280
Non-mining income	2 678	3 178	7 159
	52 907	47 910	135 922
Interest paid, stores adjustment and service benefits	43	1 287	1 487
Profit before taxation and State's share of profit	52 864	46 623	134 435
Taxation and State's share of profit	30 673	23 380	69 809
Profit after taxation and State's share of profit	22 191	23 243	64 626
Capital expenditure	2 884	6 427	17 051
Loans received	4 019	5 040	5 040
	(1 135)	1 387	12 011
Loan repayments	71	76	299
Dividends	—	32 480	44 800
Transfer to general reserve to fund State loan levies	—	4 673	4 673
	(1 064)	38 616	61 783
State loan levy	2 197	123	5 044
Development			
Advanced . . . m	15 787	14 904	55 538
Sampling results on Vaal reef:			
Sampled . . . m	2 318	1 700	8 600
Channel width . . . cm	59	54	56
Channel value — gold . . . g/t	29,2	23,9	27,2
. . . cm.g/t	1 726	1 286	1 513
— uranium oxide . kg/t	0,47	0,44	0,44
. . . cm.kg/t	27,62	23,77	24,50

Dividend
Final dividend No. 47 of 290 cents per share, declared in June 1979, was paid in August 1979.

Capital expenditure
Outstanding commitments at 30 September 1979 are estimated at R5 799 000 (30 June 1979: R6 539 000).

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	9 months ended 30 Sept. 1979
Operating results			
Ore milled . . . t	137 600	133 900	394 700
Antimony concentrates plus cobbed ore produced . . . t	5 082	5 078	14 521
Antimony concentrates plus cobbed ore sold . . . t	3 941	7 282	16 775
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges	3 606	6 641	15 267
Gold and silver sales	447	513	1 360
Sundry mining income	17	37	64
	4 070	7 191	16 691
Working costs	3 675	3 442	10 338
Working profit	395	3 749	6 353
Interest received	82	81	250
Finance charges aid scheme rebate and sundry non-mining income	—	224	224
	477	4 054	6 827
Prospecting and investigations	22	99	121
Profit before taxation	455	3 955	6 706
Taxation	(171)	1 729	1 558
Profit after taxation	626	2 226	5 148
Capital expenditure	826	405	1 311
Dividend	—	1 248	1 248
	826	1 653	2 559
State loan levy	(16)	165	149

Consolidated Murchison Ltd. — *continued*

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Dividend
Interim dividend No. 67 of 30 cents per share declared in June 1979, was paid in August 1979.

Capital expenditure
Outstanding commitments at 30 September 1979 are estimated at R836 000 (30 June 1979: R316 000).

Loraine Gold Mines, Ltd.

Issued capital 16 366 986 shares of R1 each

	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	Financial year ended 30 Sept. 1979
Operating results			
Gold			
Ore milled . . . t	313 000	306 000	1 234 000
Gold recovered . . . kg	1 692,70	1 540,22	6 512,39
Yield . . . g/t	5,4	5,0	5,3
Revenue . . . R/t milled	50,20	36,43	38,85
Costs . . . R/t milled	40,34	42,58	40,75
Profit . . . R/t milled	9,86	(6,15)	(1,90)
Revenue . . . R000	15 712	11 148	47 943
Costs . . . R000	12 626	13 030	50 286
Profit . . . R000	3 086	(1 882)	(2 343)
Financial results	R000	R000	R000
Working profit — gold mining	3 086	(1 882)	(2 343)
State assistance	(372)	2 219	6 011
Profit from sales of uranium oxide and pyrite	40	(26)	263
Non-mining income	120	132	507
	2 874	443	4 438
Stores adjustment, employee service benefits and grassing of mine dumps	438	—	438
Profit	2 436	443	4 000
Capital expenditure	866	597	2 499
Development			
Advanced . . . m	3 833	3 668	14 703
Sampling results:			
"B" reef			
Sampled . . . m	302	158	764
Channel width . . . cm	53	50	54
Channel value . . . g/t	3,5	121,1	30,6
. . . cm.g/t	188	6 033	1 664
Basal reef			
Sampled . . . m	630	590	1 924
Channel width . . . cm	8	8	8
Channel value . . . g/t	65,0	55,7	56,3
. . . cm.g/t	533	468	473
Elsburg reefs			
Sampled . . . m	82	130	352
Channel width . . . cm	86	106	102
Channel value . . . g/t	2,8	2,2	3,9
. . . cm.g/t	242	238	400
Total — all reefs			
Sampled . . . m	1 014	878	3 040
Channel width . . . cm	28	30	31
Channel value . . . g/t	14,6	47,4	24,8
. . . cm.g/t	407	1 435	764

Ore reserve
The total ore reserve at 30 September 1979 was estimated as follows:

	Elsburg reefs*	A and B reefs	Basal reef	Total and averages
Tonnage . . . t	1 624 000	955 000	1 019 000	3 598 000
Stoping width . . . cm	140	95	90	109
Value . . . g/t	11,4	8,8	7,9	9,7
. . . cm.g/t	1 585	838	713	1 058

*Not included in the above are five massive bodies of ore estimated to contain a total of 282 000 tons at an average value of 6,8 grams per ton.

The above ore reserve is based on an estimated gold revenue of R8 510 per kilogram (equivalent to about US$315 per ounce).

Production
Ore milled for the quarter includes a small tonnage of low-grade ore from a surface waste dump. Treatment of material from this source will continue during the current financial year.

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Outstanding commitments at 30 September 1979 are estimated at R772 000 (30 June 1979: R790 000).

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.

17 October 1979

RENAULT IN THE U.S.

Using AMC as a sales springboard

BY TERRY DODSWORTH IN PARIS

HAS Renault, the world's leading nationalised motor manufacturer, paid over the odds for its investment in American Motors (AMC) of the U.S.?

This is the question which many of the French company's European competitors, having looked over AMC themselves, will be asking in the wake of the deal between the two groups. AMC is not a strong company—yet Renault is paying $150m for an eventual equity stake of 22.5 per cent, and putting up a further $50m of working capital.

Renault's response to this criticism runs something like this. With the money being injected gradually, the investment will work out at about $35m a year, compared with the group's *FFr 2bn-plus ($476m)* a year. To have designed a new car suitable for the U.S. would have cost about $150m, anyway. So for the same price, it has decided to establish a permanent foothold in America, while spreading design costs over two markets, the U.S. and Europe.

The new vehicle, due to be launched in 1982, is not quite a "world" car of the type now being planned by the major American companies. Renault has not got the degree of integration with AMC to allow it to bring together the two engineering departments to design a more or less common product. But the car will nevertheless be *inspired by similar ideas*. Created by Renault engineers in France, its basic configuration will be the same in both the European and U.S. markets. The difference will be in the body work and the interior trim, both of which will be changed in the U.S. for local taste.

At present, Renault's American business is not making money. It expects to sell some 30,000 of its R5 model (known as Le Car) this year, not enough to support the financial effort of establishing a dealer network.

Next year, with the introduction of the R18, it hopes to lift sales to 50,000 units. But by 1985, the aim is to have 150,000 registrations, including U.S. production.

Renault's financial benefit from the deal will come partly from its share in the profits of the new car sold through the AMC network, and partly from the supply of components from France. Most of the main mechanical parts — gearbox, axles and engines—will be supplied by Renault, although it is foreseen that some 75 per cent of the car will eventually be made in the U.S.

But the ultimate success of the venture clearly depends on two main factors—the impact of the car itself, and the survival of AMC as a truly viable group.

M. Bernard Hanon, head of Renault's car division, makes it clear that the vehicle marks an ambitious move into areas of new technology which are aimed at giving the French company a clear lead over its rivals.

The car will have front-wheel drive, with engines of between 1.6 and 1.8 litres, and should be capable of fuel-savings of between 10 and 15 per cent compared with current models.

As for AMC, M. Hanon says that Renault has confidence in a management which has "already pulled it out of a trough." But he admits that the French group will become "the dominant influence in the company."

Cautious view at Internationale Pirelli

BY JOHN WICKS IN ZURICH

THIS YEAR'S business outlook is viewed "with a certain amount of caution," says Societe Internationale Pirelli in its annual report for the year ended June, 1979.

The company draws attention to the uncertainties of the foreign exchange markets and to the inconsistencies and sudden changes now affecting the various national markets in which SIP trades.

SIP is a Swiss holding company within the Dunlop Pirelli union. In recent years its trading interests have been among the most profitable in the union.

Sales volume is said to be rising in virtually all markets except Turkey. Profits are considerably better in certain countries, with real progress reported for Canada and the U.S., but earnings are falling off in Turkey and Argentina and, to a lesser extent, the UK due to a "not very favourable industrial climate since the start of this year." Also, recessionary trends in Spain have kept the subsidiary there in the red.

Sales of direct subsidiaries (which produce mainly tyres and cables) rose in volume terms by some 8 per cent last year.

From net profits of SwFrs 28.37m, compared with SwFrs. 31.24m, the Swiss company is recommending an unchanged gross dividend of 15 per cent on increased capital of SwFrs 156m. At the same time, the board intends to issue further participation certificates. The first issue of this non-voting stock took place last year.

The UK subsidiary, Pirelli General Cable Works disclosed that sales volume in the first half of this year (which ends December 1979) was below expectations although there was a slight increase of turnover expressed in sterling. Profits for the period are down on those for the first half of last year, and below expectations. A partial improvement is forecast for the second half but market conditions are seen as "remaining difficult."

Pirelli Ltd., of the UK, booked only a modest rise in turnover for the first six months of calendar 1979. Production was hampered by a strike in January.

Sandoz buys stake in McCormick

By Our Zurich Correspondent

THE SWISS concern Sandoz, working through its American subsidiary, has purchased 465,000 non-voting shares of the Baltimore spice company McCormick and Company. This represents 4.8 per cent of the U.S. undertaking's capital. No takeover bid has been received by McCormick, which has nevertheless informed Sandoz that it wishes to remain an independent company.

The Sandoz concern, which makes pharmaceuticals, dyes, and agricultural products, is already active in the food industry. Sales of its food division amounted to SwFrs 501m ($307m) last year.

● In yesterday's report on Inter-Pan, the company was incorrectly quoted as saying that shareholders' interests would not be jeopardised. Inter-Pan said that creditors' interests were not endangered, but that shareholders' interests were in jeopardy.

Volvo Car to expand capacity

BY CHARLES BATCHELOR IN AMSTERDAM

VOLVO, the Swedish car manufacturer, will invest Fl 35m ($17.6m) in expanding capacity at its Dutch subsidiary, Volvo Car, in Born. An extra press line will be installed to enable Volvo Car to make 110,000 cars a year compared with this year's expected volume of 90,000.

Volvo Car denied that this spending had been agreed in return for approval by the Dutch Government or unions for a Fl 155m package of government aid. The Dutch have been concerned, however, that work was being transferred from the Dutch plant to Sweden, and some press work has had to be carried out in Sweden because of a lack of capacity at Born.

An agreement in principle has bee nreached between Volvo and the Dutch Government to allow Volvo Car, which is 55 per cent owned by the Swedish company, greater freedom in deciding policy. The original Swedish plan to centralise decision-making in Stockholm has been modified to give the Dutch management greater control.

The Dutch unions were worried that Volvo Car, which now has the capability to develop and build models from scratch, would be reduced to a supplier of components to the parent company. The unions will carry out a final review of the agreement on November 10 before it is finally signed.

The Dutch Government's Fl 155m package of aid has been made dependent on most of the development work on a successor to the 340 range of cars being done in the Netherlands. Plans to name a percentage figure in the contract have been dropped, but in principle as much work as possible will be carried out in the Netherlands. Volvo is to provide Fl 76m for development work on the new model and above the Fl 35m investment just announced.

Volvo Car is continuing to revise upwards its expected production figure, following the successful introduction of the 343 model with a manual gearbox and of a five-door version, the 345. It now expects to produce 90,000 cars—340s and the ageing 66s—this year, and is forecasting 103,000 in 1980. It originally forecast production of 80,000 this year, following 65,000 in 1978.

Investment fund plans scrip issue

By Our Amsterdam Correspondent

ROBECO, the Dutch investment fund, plans to make a one-for-30 scrip issue on October 25. Net asset value per share rose by nearly 7 per cent to Fl 175 ($88) from Fl 164 during the third quarter of 1979.

This reflected a 4 per cent rise in the fund's net asset value, to Fl 4.31bn ($2.2bn), and a fall of 564,000 in the number of shares on issue to 24.7m.

Despite rising inflation, less favourable economic prospects and high interest rates, nearly all of the stock exchanges in which Robeco invests showed a good performance. Robeco also started investing the funds which resulted from transferring its property portfolio to the new fund Rodamco. It made purchases mainly in the U.S. and Japan.

Its holding in the Netherlands were little changed at 19.2 per cent of total investments. Holdings in the U.S. rose to 28.6 per cent from 27.4 per cent, and the fund also increased its stake in France, Japan and Australia, while reducing its cash holdings.

● Korea Exchange Bank has opened a branch in Amsterdam. The bank said that the branch is intended mainly to finance bilateral trade. It is the first Korean bank to set up in the Netherlands. With paid up capital equivalent to $620m, and assest of $11.4bn, it is the largest bank in Korea. The Netherlands exported goods worth $47m to Korea in 1978, and imported goods worth $307m.

L'Oreal lifts net profit

By Our Financial Staff

L'Oreal, cosmetics and beauty products group, reports a net profit of FFr 142m ($33.8m) for the first half of 1979, compared with FFr 101m. Consolidated sales totalled FFr 3.31bn up from FFr 2.76bn in the first six months of 1978.

* * *

Paris publisher Hachette has taken a 65 per cent shareholding in Arista Corp, a closely held developer and marketer of educational programmes and materials. *The price* has not been disclosed. Both companies also agreed for Hachette to increase its interest over the next five years.

French court declines to hear suit against Radar

BY OUR FINANCIAL STAFF

THE FRENCH supermarket chain Radar has won the first round in a legal battle to obtain a significant stake in Paris-France, the retail store chain. The president of a civil court yesterday ruled that his court does not have jurisdiction over a suit brought against Radar by Au Printemps, the department store group.

Printemps alleged in the suit that Radar had made "irregular" purchases of shares in the retail store chain Paris-France. Radar contended that the dispute should be brought before a commercial court, as the opposing parties were both commercial enterprises.

A public offer was made by Printemps on October 4 to acquire at least 275,000 shares in Paris-France, or 19.9 per cent of the capital, at FFr 250 per share. This was rapidly followed by a counter-offer of FFr 350 a share from Radar for a similar number of shares. The Radar offer placed a value on the whole of Paris-France of around $100m, and the Paris-France directors recommended acceptance.

Telefonica increases capital spending

BY ROBERT GRAHAM IN MADRID

TELEFONICA, the national telephones monopoly which is jointly owned by state and private enterprise, plans to invest Pta 120bn ($1.8bn) in 1980. This amounts to a 37 per cent increase and represents a significant change of policy from the current year, which has seen the company obliged to prune spending by almost 18 per cent.

Given the problems of raising funds in Spain, with a poorly developed capital market and government restrictions on foreign borrowing, this investment target is considered ambitious. However, Telefonica appears confident that it has government support for the programme, which will sustain jobs and increase Spanish access to high technology.

Telefonica plans to raise Pta 62bn ($930m) from its own resources. Last year, it had revenue of Pta 115bn ($1.7bn) and profits of Pta 18.6bn ($282m). It has put in for a 13.5 per cent tariff increase from January 1980, having been granted an 8 per cent rise with effect from July this year. The government's attitude here will be crucial, since there is a controversy at the moment between Telefonica and the Telephone Users Association. The latter has alleged that Telefonica has surreptitiously raised urban rates through a new form of metering. Telefonica has denied this.

To aid its financing programme, Telefonica is to introduce an obligatory bond for all new subscribers, who will be asked to pay the equivalent again of their installation fee in return for an interest bearing bond. The normal urban installation fee for private subscribers is Pta 13,500 ($204). A special premium of 150 per cent will be imposed on companies, rising to 250 per cent in the case of multiple switchboards.

The new bonds will bear interest at market rates and can be discounted. Telefonica hopes to raise 19 per cent of its external finance in this way—or some Pts 11.5bn.

Telefonica will raise only Pta 9.3bn through new shares. A further Pta 18bn will come from debt issues. As for the foreign borrowing element, this has been fixed at $300m—although it is uncertain whether this will be subject to existing government restrictions.

The net effect of this investment programme will be to boost the order books of the telecommunications companies, many of whom are between 60 and 80 per cent dependent upon Telefonica. For example, the investment cutback this year by Telefonica forced Standard Electrica (the main supplier) and Marconi to lay off workers.

EUROBONDS

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FVB reopens talks on Massey SA

By Jim Jones in Johannesburg

MASSEY-FERGUSON and Federale Volksbeleggings (FVB) have reopened negotiations on the sale of control of Massey-Ferguson (South Africa) to FVB.

In March last preliminary discussions between Massey-Ferguson, which holds 51 per cent in its South African offshoot, and the other major shareholder, FVB, which has a 31 per cent stake ended unsuccessfully. At that stage the Canadian parent reportedly turned down a 500 cents per share offer for part of its interest—a deal which valued the 51 per cent at R6.8m (U.S.$8.2m). The Canadian parent is loth to invest further funds inthe South African operation in view of the group's financial position.

FVB, which is prepared to invest further capital in Massey-Ferguson (SA) to help the company attain local content requirements in its products.

Following termination of the earlier discussions Massey-Ferguson (SA) reported a first-half operating loss of R600,000 for the six months to April 30. This compared with an operating profit of R520,000 in the first half of the preceding year, and with a R833,000 total for the year to October 31.

Shares in Massey-Ferguson (SA) were suspended on the Johannesburg Stock Exchange on Monday, when they stood at 260 cents. But even though the company has reported poor first-half results, most Johannesburg analysts feel that FVB will buy control from the Canadian parent at a price above the pre-suspension level.

Chemicals link-up proposed

TOKYO — Two major Japanese chemical companies—Toatsu and Mitsui Petrochemical Industries—are negotiating a business tie-up to jointly produce raw materials for engineering resin, poly phenylene oxide.

The two companies are affiliated to Mitsui and Co., one of the leading trading houses in Japan.

AP-DJ

JAPANESE SUPERMARKETS

Daiei leads in strong midway growth

BY YOKO SHIBATA IN TOKYO

JAPAN'S THREE leading supermarket chain operators—Daiei, Seiyu and Nichii—posted strong sales and generally strong profits for the first half of the fiscal year to August, following the vigorous business performance reported by Jusco last week.

Daiei, the nation's largest such company, lifted its operating profits by 32 per cent to Y7.54bn ($33.1m) and net profits by 30.5 per cent to Y3.80bn, on sales of Y499.68bn ($2.2bn), up 9.4 per cent, as compared with the same period of the previous year. The sharp advance in earnings was attributed to its merchandising control, including the expansion of its own-brand items, which came to 21.4 per cent of the total merchandise mix. Daiei entered a tie-up with Marks and Spencer in September last year and the number of shops handling St. Michael items rose to 150, from 43 a year ago.

The store aims to raise the sales of St. Michael goods to Y2bn in the current second half by adding St. Michael foods from the end of this month. In Daiei's merchandise, St. Michael items are categorised as quality goods and are highly competitive, according to the company.

During the six months, the store repayed Y18.3bn of borrowings, so cutting its interest payment burden.

In view of strong consumer spending and further streamlining efforts, Daiei has raised its earnings forecasts for the full fiscal year to put operating profits at Y18bn, up 19.5 per cent, and net profits at Y9bn, up 28.6 per cent, on sales of Y1,02bn, up 8.5 per cent.

The company is planning to open four to five new stores in the current half, following the opening of four in the first half. A 10 per cent scrip issue is planned at the end of the fiscal year, in February.

Seiyu, the second largest supermarket chain, increased its operating profits by 8.7 per cent to Y3.34bn, and net profits by 0.6 per cent to Y1.80bn on sales of Y255.13bn, up 11 per cent. Seiyu's relatively slow rate of opening new shops (two) during the period coincided with sluggish sales at the existing stores (up only 1.3 per cent).

In the second half, Seiyu expects to strengthen sales and earnings by exerting a fully-fledged system of merchandising control. Operating profits for the full year are expected to reach Y7.5bn, up 12 per cent over the previous year, net profits Y4bn, up 17 per cent on sales Y530bn, up 10 per cent. The group is planning to open four new stores in the current half. A further 10 per cent scrip issue at the end of next February is likely, according to the company.

Nichii posted operating profits of Y4.94bn, up 16 per cent on sales of Y185.2m, up 10.7 per cent. Because of Y86bn worth of heavy investment for revamping its Tokyo head store, its net profits dropped by 7.5 per cent over a year ago to Y2.52bn.

In the full year ending next February, Nichii expects operating profits of Y12.5bn, up 22 per cent, and net profits of Y7bn, up 22 per cent on sales of Y400bn, up 14.4 per cent.

RESULTS AND FORECASTS

	Net Profits				Operating profits				Sales			
	Half-year to Aug.	Change on 1978-79	Full year estimate	Change on 1978-79	Half-year to Aug.	Change on 1978-79	Full year estimate	Change on 1978-79	Half-year to Aug.	Change on 1978-79	Full year estimate	Change on 1978-79
	Ybn	%	Ybn	%	Ybn	%	Ybn	%	Ybn	%	Ybn	%
Daiei	3.8	+30.5	9.0	+28.6	7.5	+32.0	18.0	+19.5	499.7	+9.4	1,020.0	+8.5
Seiyu	1.8	+0.6	4.0	+17.0	3.3	+8.7	7.5	+12.0	255.1	+11.0	530.0	+10.0
Jusco	3.2	+16.0	7.2	+15.0	5.1	+12.6	12.5	+16.0	233.5	+11.0	505.0	+13.5
Nichii	2.5	−7.5	7.0	+22.0	4.9	+16.0	12.5	+22.0	185.2	+10.7	400.0	+14.4

TNT raises stake in McIlwraith

BY JAMES FORTH IN SYDNEY

THOMAS Nationwide Transport, the international transport gropu, has emerged with almost 40 per cent of the capital of the shipping group, McIlwraith McEachern. TNT bought a 20 per cent holding from corporate takeover specialist company Industrial Equity (IEL), ending a four-year siege of McIlwraith by IEL.

McIlwraith is closely connected with the financier, Sir Ian Potter. At one stage last year IEL launched a formal partial takeover offer for McIlwraith and a simultaneous bid for the Tricontinental merchant banking group, which is also associated with Sir Ian and at that stage was a major McIlwraith shareholder.

TNT's chief executive, Sir Peter Abeles, is also on the TNT board. TNT was an original shareholder of Tricontinental and has been a long-standing shareholder in McIlwraith. TNT owns 62.5 per cent of the highly profitable concern, Bulkships, with McIlwraith holding the other 37.5 per cent.

IEL's takeover moves last year prompted TNT to start buying McIlwraith shares on the market and in recent months either IEL or TNT has picked up any McIlwraith shares which became available.

Carpenter stages strong recovery

By Our Sydney Correspondent

W. R. CARPENTER, the island trader and diversified industrial group, staged a strong recovery in 1978-79, to raise earnings to $A9.53m (U.S.$10.7m) from the marginal level of A$355,000 in 1977-78. The result is not far short of the A$10.3m record posted in 1976-77, and bettered the directors' forecasts of an A$8.5m profit.

The recovery has prompted the board to lift the dividend payment from 11.5 cents a share to 12.5 cents.

Metro Cash and Carry maintains growth rate

BY OUR JOHANNESBURG CORRESPONDENT

METRO CASH AND CARRY, South Africa's largest wholesaler, has maintained its growth, with a 36 per cent turnover increase to R187.9m ($227m) for the six months to August 25, 1979, from R138.3m in the first half of 1978-9. This compares with a turnover of R330.6m for the year to February 24.

Turnover growth during the period was assisted by the acquisition of the country's largest hardware wholesaler, Bingo, with effect from March 1.

As far as the group's U.S. operation, Jetro, was concerned, South African exchange control *regulations meant that* insufficient funds could be made available to fund an optimal growth rate for the New York-based cash and carry wholesaler. However, Metro has agreed with an unrelated company, Metro of German, and KI Corporation to increase Jetro's shareholders' funds from $2.25m to $10m, thereby reducing Metro's stake in the New York operation from 50 per cent to 18.75 per cent.

At the after-tax level, first-half attributable earnings advanced by 29 per cent to R2.73m, from R2.12m. However, Metro normally earns about two-thirds of its profits in the second-half and on this basis Mr. Lionel Katz, the chairman, is confident that second-half earnings will substantially exceed those of the first half. In the last financial year, after tax earnings were R6.22m.

Upturn at Faber Merlin

BY WONG SULONG IN KUALA LUMPUR

FABER MERLIN, the Malaysian hotel and property group, appears to have overcome many of its difficulties of the past few years.

Pre-tax profit for the year ended June was 6.14m ringgit (US$6.8m). Although this fell short of the directors' expectation of 6.5m ringgit, the result was a strong improvement on the previous year, when pre-tax profit was only 2.96m ringgit. The profit was the best in six years

The group is paying less in interest charges, because it has reduced its loan considerably. Helped by a lower tax charge, the net profit for the year came to 3.15m ringgit, compared with a net loss of 1.6m ringgit.

The bulk of the profits came from earnings from the groups housing estate in Kuala Lumpur, and there was also a substantial improvement from the hotel division. The Merlin hotels in Kuala Lumpur and Penang (respectively the biggest hotels in the two cities) enjoyed an occupancy rate of over 80 per cent, while its hotels in Kuantan, Cameron Highlands, Fraser's Hill and Tioman Island, recorded better earnings.

Faber Merlin said that it expects to begin a new housing project in Johore Baru next year, while work on a Merlin hotel at the resort of Desaru has begun. A dividend of 2.5 per cent has been declared.

HOW TO AVOID COSTLY ANTI-TRUST LITIGATION

BY FREDERICK M. ROWE

Attractions and dangers of making a U.S. acquisition

IN THE first quarter of 1979, 63 U.S. companies were acquired by foreign concerns—a 70 per cent jump over the same period of 1978. In that year European acquisitions in the U.S. reached a record 358, confirming the reversal of the earlier flow of U.S. investments into Europe.

The sharp dollar decline has made investment in the U.S. a prize bargain. But there are *also other, less* transient advantages, such as the relatively stable U.S. labour relations, and the possibility of turning a U.S. operation into an effective base for developing new markets in Latin America and around the world. However, these opportunities can be safely exploited only after a careful assessment of antitrust risks.

The principal U.S. antitrust laws applicable to such acquisitions by European companies and joint ventures in the U.S., prohibit transactions that cause unreasonable restraints of trade or substantial lessening of competition. The laws are enforced by the Department of Justice and by the Federal Trade Commission. They also provide a private right of action, so that any "*injured*" private party can file suit to stop the transaction or to collect treble damages and legal fees.

But the U.S. antitrust laws contain a central paradox which favours foreign investors. Typically, an acquiring European firm is not a competitor (or a supplier or customer) of the acquired U.S. firm. Hence, such an acquisition is less likely to cause the prohibited impairment of competition than one by an American firm. Thus, Atlantic-Richfield the U.S. petro-giant could not, but British Petroleum could, acquire Sinclair Oil's assets. Likewise, West Germany's Tengelmann Group evidently can, but Safeway clearly could not, buy America's Great A & P Tea Company.

In hostile U.S. take-over situations, the European firm may become the ideal "white knight" coming to the rescue of a choice acquisition target.

Indeed, Mr. J. Shenefield, the chief U.S. antitrust enforcement official recently declared: "As of now, foreign purchases of U.S. businesses are as likely as not to be pro-competitive, to be invigorating, to be avenues by which new technologies come into this country, and new sources of capital introduced."

Acquisitions

Understandably, therefore, of hundreds of foreign acquisitions in the U.S., only a few have faced antitrust attack. Successful multi-million-dollar Euro-acquisitions in the U.S. in recent years have included the following combinations: Thyssen/Budd; Unilever Ltd./National Starch; Bayer/Miles Laboratories; and BASF/Wyandotte.

Conversely, among the prominent failures have been last year's abortive acquisition by Bayer/Rhinechem of Chemetron's Pigment Division, whose acquisition by BASF/Wyandotte is now the subject of a Federal Trade Commission (FTC) complaint. Brascan, a Canadian conglomerate, recently dropped its bid for F. W. Woolworth in the face of *adverse* antitrust and political publicity. Finally, earlier this month, the FTC asked the courts to block the take-over by Mannesmann of Harnishfeger, the U.S. maker of cranes and mining equipment.

Except in extreme black or white circumstances the antitrust status of a substantial Euro-acquisition or joint venture in the U.S. depends not on any legal formula, but on a broad assessment of the following factors:—

- The realistic business purpose of the transaction;
- The historical trends and the competitive structures, practices, and environment of the affected industries;
- The existence of aggrieved or hostile parties, including the prospective acquired firm, its management, or its labour union, as potential complainants, litigants, and witnesses opposing the transaction;
- The prevailing legal and political climate influencing antitrust enforcement priorities at critical times;
- Above all the total antitrust profile of how the transaction is designed, explained and perceived.

Consequently, an important acquisition or joint venture in the U.S. requires the most careful strategic planning. Riskiest from an antitrust standpoint are sizeable acquisitions and mergers between substantial direct competitors which sell the same product in the same markets.

In such cases, the prohibited "*substantial lessening of competition*" is usually *presumed*. Unless such a transaction is inconsequential in size, or involves pygmies or cripples in an industry, strict antitrust limitations come into play. While the Justice Department's 1968 Merger Guidelines give a warning of challenge to horizontal acquisitions that combine 8 to 10 per cent of the market, even 5 to 7 per cent market-share transactions have been held illegal. Conversely, if the acquired firm is failing or ailing, and may be competitively strengthened by the acquisition, the numerical market shares must be viewed within a realistic assessment of market effects, which may place an otherwise suspect acquisition in a favourable light.

In practice, a horizonal combination of 5 per cent of any substantial market approaches the antitrust peril point. The risks rise if both companies are profitable and healthy, or if the acquisition moves the combined firm to a leading position within its industry. While large industrial firms typically span several product lines, the acquisition of another firm which includes one of those product lines will create a horizontal overlap that infects and jeopardizes the entire transaction.

Risky also are acquisitions uniting suppliers and distributors. Such mergers take the form either of "upstream" or "backward" acquisitions by a manufacturer of his raw materials or parts supplier, or of "downstream" or "forward" acquisition by a supplier of his fabricator or distributor.

The control of market shares of 5 to 10 per cent by either the acquiring or by acquired firms also come in the antitrust danger zone. For example, Volkswagen of America's acquisition of a U.S. manufacturer of automobile air conditioners was held illegal, because the acquired firm's competitors were deprived of the possibility of selling their air conditioners to the VW organisation.

Probably most frequent today are conglomerate transactions, pursuing either product diversifications or market extensions. In a series of cases in the 1960s the Department of Justice attacked large conglomerate acquisitions because of the resulting size and concentration of power, but failed in the trial courts, which declined to extend statutory antitrust bans beyond acquisitions inimical to competition in particular markets. Under these principles, therefore, a Euro-giant could purchase Safeway Stores. U.S. giant in an unrelated field.

However, today's antitrust impotence against vast capital combinations created by conglomerate mergers, and the rising pace of such large acquisitions by leading U.S. firms, have provoked proposals to ban such transactions on social or political rather than competitive grounds. Various versions of such proposals, which are under active consideration by Congress would bar substantial acquisitions by the top 50 or top 500 U.S. firms, subject to limited defences such as demonstrated pro-competitive effects or efficiencies, or their spin-off of equivalent assets. A politically more attractive proposal would ban acquisitions by the top 18 U.S. oil companies. An FTC legislative proposal would expressly apply such bans to acquisitions by foreign firms aggregating a billion dollars of their averaged U.S. sales and assets. Enactment of such legislation in any form remains speculative in the short term, and will depend upon political events and tides.

However, even *today* product diversifications or extension by acquisitions in related fields are frequent sources of antitrust controversy.

Prominent examples are the U.S. Supreme Court's invalidation of the acquisition of Clorox, the leading American bleach producer, by Procter and Gamble, the top U.S. manufacturer of household detergents, and the acquisition of S.O.S., the foremost domestic steel wool producer, by General Foods, a leading U.S. manufacturer of *food and grocery products*.

Applications of the "potential competition" principle also govern the legality of geographic market extensions. In such cases, the acquisition of a leading firm by another leading firm in the same product area but in different geographic markets runs a high risk of illegality if the transaction terminates previous potential competition by the acquiring firm.

Nonetheless, substantial market extension acquisitions by leading European firms in U.S. markets have been successfully consummated. Thus, British Petroleum's acquisition of control of Standard Oil of Ohio survived largely intact and a recent Court of Appeal's decision upheld the acquisition of Airco, a leading U.S. maker of industrial gases, by British Oxygen Ltd.

This experience suggests that high-risk horizontal transactions may be designed as more acceptable diversifications or market extensions—through voluntary or contingent spin-offs whereby the acquiring firm would sell off those of its operations which compete with the acquired firm.

Long-range

It is also advisable that, rather than nibbling at small acquisitions, each of which incrementally raises antitrust risks, the European investor should develop a long-range investment programme within which individual acquisitions are planned as part of a total strategy.

There are three basic antitrust tests of the legality of Euro-U.S. joint ventures in the U.S.:

- Is the joint venture between A and B necessary, or could either of them go it alone?
- Will jointly-owned U.S. corporation C become a *source of new* U.S. competitive activity which would not otherwise exist?
- Alternatively, will the creation of jointly-owned U.S. corporation C limit or diminish substantial existing or potential competition between Euro-parent A and U.S. parent B?

In practice, the gravest antitrust risks arise from joint distribution or sales ventures between European and U.S. product competitors. At the safest legal extreme may be the joint creation of new U.S. corporation C to develop Euro-parent A's new product in a new market which it has no capability to enter alone—particularly if new corporation C creates new competitive stimulus within a lethargic established industry.

Quite recently, the Justice Department disapproved a joint venture between Hitachi and General Electric, which contemplated a jointly owned U.S. subsidiary. The Department did not consider the joint venture necessary for the viability of either parent in the U.S. television market. Also, Hitachi had once had the intention, capability and incentive for expanding TV sales in the U.S. on its own.

The U.S. antitrust scene is wide and varied but it can be said that, *in general*, while U.S. antitrust laws and enforcement are strict, they basically favour Euro-acquisitions. But this advantage can be obtained only by those who are aware of the dangers. The penalty for antitrust neglect can be extremely costly litigation.

** Mr. Rowe is senior partner of the U.S. law firm of Kirkland and Ellis.*

Thomson-Brandt strategy for European TV-set survival

BY DAVID WHITE

THE FRENCH Thomson group makes, among a lot of other things, colour TV sets. It also makes the most important components, the tubes, in collaboration with RCA of the U.S.

It intends still to be producing them in the 1980s, without making concessions to the Japanese who already dominate the world market. In a few years time, as Thomson sees it, there may well be only itself and Philips in Europe to hold the bridge.

Thomson's gambit is backed up by the French Government's determination to assert French independence in certain high-technology areas — electronics being among the top priorities. At company and industrial policy levels, the French approach makes an interesting contrast with the UK.

The next few years are going to be crucial. The colour TV business is still subject to rapid technological change and is becoming increasingly competitive as opportunities for growth are narrowed down. Japan is already close to the stage where it will have more than one colour TV per family. The West German market has also been difficult since the end of last year.

France, where just a third of homes have colour TV, is one of the remaining places where sales are still rising. Italy and Spain are others. Thomson has a third of the French market, just behind its Dutch rival.

Audio victory

With its Madrid TV factory and its West German acquisition Nordmende, it produces 1m finished sets a year, a tenth of the European market. This is not enough on its own to hold off the Japanese threat, which has already materialised in the UK and Italy and is beginning to do so in Germany.

The French, like many others, have already had to concede a Japanese victory in audio equipment. Can the same be avoided in TV technology?

A few weeks ago Thomson-Brandt, the group parent company, announced plans to pool its colour tube activities with those of West Germany's financially-troubled AEG-Telefunken. The agreement is due to take effect at the end of the year as long as the Federal Cartel Office is willing. It is a complicated balancing act in which RCA keeps its bridgehead in Europe, AEG keeps it stake in the field and Thomson keeps the upper hand.

Under the deal, the present Thomson-RCA joint venture Vidéocolor will take over the German group's plant at Ulm, making a third base after Lyon and Anagni, near Rome. The company will, instead of being directly controlled by Thomson, be 58 per cent held by a joint Thomson-AEG venture. In this the French hold the 51 per cent majority. RCA is keeping 42 per cent of Vidéocolor and is *throwing in $7m for good luck.* Vidéocolor is due to produce about 1.5m tubes this year—5 per cent of the world market—and sell another 500,000 of RCA's. The agreement will bring total 1979 output up to 2.4m tubes and sales up to FFr 1.5bn or $370m.

The agreement is only one of a number of manoeuvres going on in the industry. It follows closely on Philips' shareholding in Grundig, intended as the basis for industrial collaboration between the two it precedes any clear indication of what is happening to a third major figure, ITT.

This summer, Thomson-Brandt was in line to take a controlling interest in ITT's extensive consumer appliances division in Europe, which has been in a bad way. The French Government made it discreetly clear that it would like at least to see ITT-Oceanic, one of the U.S. group's four European subsidiaries making television sets, pass into local French hands.

But a palace revolution at ITT in July, when Mr. Lyman Hamilton was ousted as chief executive, put paid to all that. The new powers at ITT were not letting the empire fall apart, and said they would take all necessary steps to strengthen the European consumer division.

More recent reports have it that ITT plans to start making wide 68cm screens in Europe for Sony. After Thomson's success in getting in with AEG before Hitachi did, this prospect has once again set the cat among the European pigeons.

All that has happened so far is only shadow-boxing compared with what it will be like from next year. From the start of 1980, West Germany's PAL colour television licence begins to fall into the public domain. All the main and secondary patents run out between next year and 1984, and with them the agreements which limit exports of licensed equipment to Europe.

France is sheltered from this by virtue of its separate Secam system (in which a member of the Thomson group, Thomson-CSF, is a shareholder). But it is hardly secure. For a start, the countries which have chosen the Secam system do not make much of a market for French exports.

In addition, the technical barrier will soon be broken down. Production of integrated circuits capable of converting sets from one system to the other, just by being slotted in, is not far off, according to French experts. A small component will be the only difference, and that hardly adds up to a Maginot Line.

Thomson's tube agreement with AEG-Telefunken is the latest in a series of moves since the beginning of the 1970s to make an international consumer products operation in what had been essentially a French-based group. The name Thomson, incidentally, is misleading. The company started as a licensee of a U.S. concern long since eaten up by General Electric. The "Brandt" comes from the merger of Thomson-Houston with the equally French arms and appliances company Hotchkiss-Brandt.

In 1970 the group got out of electrical power engineering by selling CGE its stake in Alsthom (a name which still bears a remnant of "Thomson"). It then bought *up some General Electric* interests in Spain, which gave it 15 per cent of the Spanish colour TV market. It set up a television factory in Singapore, employing 1,200 people. Two years ago it bought control of Nordmende and has since been paying heavily to restructure its German arm.

By far the biggest French company in consumer electrical products, marketing under a variety of names, Thomson relies on being big enough to carry the cost. The division employs 28,000 out of a total group workforce of 140,000 and had sales of FFr 7bn ($1.7bn) last year.

In colour tubes, Vidéocolor, which aims to step up production to 3m units in 1981, will not only be number two in Europe; it may be one of the only two to resist one form or another of Japanese encroachment which leads to the question: will it be war between the Europeans or will there be a European front?

Looking at Thomson and Philips, on the ground there is every evidence of fierce competition. AEG-Telefunken's tube factory was until now a licensee of Philips; the licence was due to run out at the end of the year. It has now been brought into Thomson's orbit. Vidéocolor, which already supplied tubes to Blaupunkt, will now also supply them for Telefunken TVs.

In France, Philips competes directly. A subsidiary, Radiotechnique, produces 1m tubes a year, the bulk of them for export. Philips' advanced 30-AX tube rivals the *Precision In-Line* (PIL) tube being produced by Vidéocolor, a company which although borrowing from RCA also develops its own products.

The confrontation can equally be seen in a growing—that is to say, not yet saturated—market like Spain's, where Thomson, Telefunken, Philips and Grundig are all present as colour TV manufacturers.

New spirit

But people at Thomson are hopeful about the development of a "European spirit," beginning to form around the European Association of Consumer Electronic Manufacturers. This body was set up only six months ago, and has as its head M. Jacques Fayard, Thomson's senior director for the division.

The French see this organisation as helping manufacturers defend their market, stopping the Japanese from establishing *"game preserves" and unifying* the European market by bringing prices and norms into line.

"The Japanese," the argument goes, "have always been experts in small screens. We accept that. Our strength is in big screens. We don't want them exporting big screens to Europe. If the big manufacturers can't agree, maybe governments can. If there's no gentlemen's agreement with the Japanese, we have to show them it's not in their interest."

There is a great sense of urgency now, both in negotiations throughout the sector, and on an industrial level where errors have to be corrected: notably over-investment and failure to carry out necessary restructuring.

The Japanese have the technical lead and still have a considerable cost advantage. At Vidéocolor, for instance, it is reckoned that even with all the transport and other charges, Japanese tubes are significantly cheaper. The question is whether the Europeans can create the conditions which will enable them to catch up.

هكذا من الأصل

THE UNITED ARAB EMIRATES MOVE TOWARDS BETTER COORDINATED POLICIES

Critical time for Sheikh Rashid

BY DAVID SAXBY, RECENTLY IN THE UAE

A NEW mood of optimism pervades official circles in the United Arab Emirates following the formation of a new Government at the end of June under Sheikh Rashid, the Federal Vice-President and ruler of Dubai. The optimism stems chiefly from the fact that the Administration is now headed by a vigorous, no-nonsense man of action.

Sheikh Rashid's rivalry with Sheikh Zayed, the President of the UAE and ruler of Abu Dhabi, the other main centre in the seven-state federation, is now a by-word. Until now the development of a tightly-knit federation with a unified national purpose has been hamstrung by the determination of each man to pursue his own separate course within his own borders.

As other and poorer sheikhs among the seven rulers in the UAE have competed for prestige stakes, the federation of about 900,000 people has acquired four international airports, with more to come, and deep-water port facilities on an even grander scale.

The federation's previous Prime Minister, Sheikh Maktoum bin Rashid, son of the ruler of Dubai, was unwilling and unable to assert his authority to control the divergent ambitions of the Federal President and his own father in Dubai.

Now the optimists believe there is a real chance that the federation will be held to a steadier course because a real driver will be at the wheel—and a man whom many consider a prime cause of disunity in the UAE. Moreover the external pressures brought about by the fall of the Shah provide an incentive for firmer and better co-ordinated policies.

Already Sheikh Rashid has shaken the federal civil service by calling for an immediate start to work on the budget for the next financial year. And a sign of improved relations between the two main Emirates is that Abu Dhabi says it is prepared to supply much needed gas to Dubai's aluminium smelter.

One of the most pressing questions with which Sheikh Rashid will have to deal is that of security. As part of the prolonged negotiations which led to his becoming Prime Minister, he has agreed to integrate fully his defence force with the federation's army, navy and air force of 30,000 men.

The UAE has so far been less affected than Bahrain and Kuwait by the shock waves emanating from Iran, partly because its population has fewer Shiite Moslems than the other countries.

Domestically there is no doubt that Sheikh Rashid is taking over the direction of the federation's affairs at a critical time. The ebullient confidence of the first decade or so of oil wealth which has seen a modern state mushrooming out of the desert has been dented severely by colder economic winds which have followed.

Dubai's dry-dock, built at a cost of £230m and known to sceptical citizens as the white elephant, was opened by Queen Elizabeth early this year, it is still not operating.

Although there seems to be no hesitation about carrying on with the development of the industrial centre of Jebel Ali, the new town, and a 66-berth port, 20 miles from Dubai, one senior official close to Sheikh Rashid recently expressed the doubts which must pass through the minds of many of his countrymen.

"What do we want all this development for and what will happen when the oil runs out? Back to the desert in 20 years—that's my personal view, he said.

The most awe-inspiring fact in support of his contention is that the country is year-by-year drawing off more water from its limited resources than nature can replace, despite supplementation by desalinated sea water. At Al Dhaid in Sharjah the water table is falling by three feet a year and the Al Ain oasis will soon be receiving desalinated supplies from Abu Dhabi instead of supplying the capital with water as in the past.

In Sharjah town, 20 minutes up the road from Dubai and capital of the Emirate of the same name, partly completed and unoccupied buildings and shops bear grim testimony to the foundered hopes of two years ago. "Sharjah people don't pay their bills," they sneer in Dubai.

However, since Abu Dhabi's oil reserves are thought to be good for half a century at least, the Dubai official's pessimism, based perhaps on his own sheikhdom's much smaller resources, might well be excessive. Nevertheless, it indicates growing awareness of the high social and environmental cost which the UAE is having to pay for its sudden leap into the modern world.

There is deep resentment of the fact that less than a quarter of the population of the federation is native-born and the large trading, labouring and junior executive community from the Indian sub-continent could well find itself victim of a racist backlash.

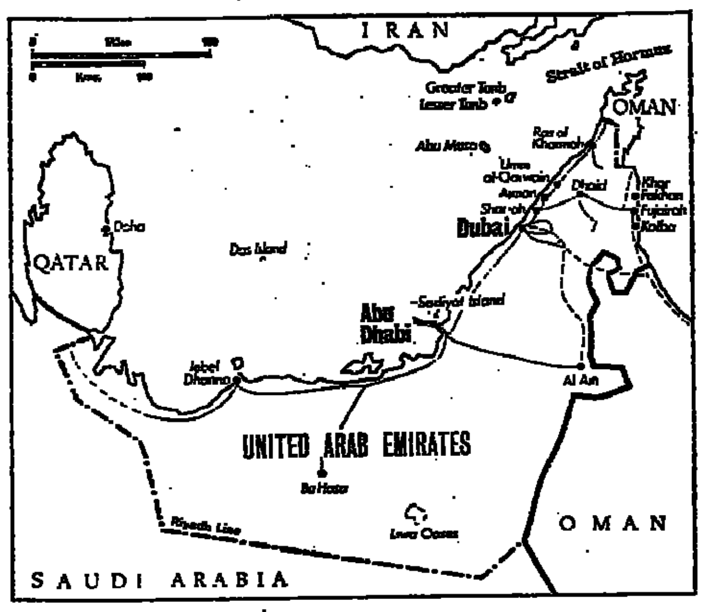
Perhaps the key social decision which cannot be put off much longer is whether to treat the non-European immigrant communities as part of the raw material from which the new state must be built rather than as a strictly migrant force which will one day go away.

As it is, the new town accompanying the Jebel Ali complex could be an entirely alien city.

Time will tell whether Sheikh Rashid has the wisdom and statesmanship to mould the UAE into a real federation rather than seven small states each going its own way. The optimists insist that he will. Other observers point to the fact that Dubai and Abu Dhabi were at war over the border between them as late as 1948 and that a border dispute between Dubai and Sharjah remains unresolved to this day.

And they question whether Sheikh Rashid, a businessman at heart, really has the patience to deal with the committees and the compromises that are the stuff of government in the UAE.

Sheikh Rashid of Dubai



COMPANY NOTICES

ROBECO

ROTTERDAMSCH BELEGGINGSCONSORTIUM N.V.

ROBECO NV announce an Interim Dividend for the year 1979 of a 3½% stock distribution from the Share Premium Reserve which is free of Netherlands Withholding Tax and United Kingdom Income Tax.

Holdings represented by Bearer Share Warrants cannot be aggregated with holdings of Registered Sub-shares.

EXCHANGE CONTROL POSITION

The Bank of England have given a general permission for Authorised Depositaries to deal with the distribution, on behalf of beneficial owners who are resident in the Scheduled Territories (the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar) as follows:—

(1) On presentation of Coupon No. 77, shares received by shareholders in respect of the dividend must be held by (or, if held abroad, to the order of) a United Kingdom Authorised Depositary, subject to the same conditions as the underlying holding.

(2) **Purchase of Coupons No. 77**
Such may be purchased for sterling in the United Kingdom or with investment currency outside the United Kingdom. Shares acquired by the purchase of additional Coupons:—

(a) may, in respect of United Kingdom residents whose underlying holding is classified as a "premium-worthy security" in accordance with the terms of Supplement No. 38 to the Notice EC7, also be classified as a "premium-worthy security."

(b) should, in respect of United Kingdom residents whose underlying holding is classified as a "restricted security" in accordance with the terms of Supplement No. 38 to the Notice EC7, similarly be classified as a "restricted security"—the Bank of England would be prepared to consider applications, submitted through Authorised Depositaries for the proceeds of sale of portions relating to shares derived from the Coupons purchased with investment currency to be regarded as eligible for the premium:

(c) shares acquired by residents of the Scheduled Territories, other than the United Kingdom, should be held subject to the terms of paragraph 57-64, as amended, of the above-mentioned Notice.

(3) **Sale of Coupons No. 77**

(a) **in respect of United Kingdom residents**

(i) Where the underlying holding is classified as a "premium-worthy security," Coupons No. 77 may be sold in the United Kingdom for sterling or abroad for foreign currency in accordance with the terms of paragraph 8(a) of Supplement No. 38 to the Notice EC7.

(ii) Where the underlying holding is classified as a "restricted security" Coupons No. 77 should be sold to an Authorised Dealer at the current market rate in the official foreign exchange market: the Coupons may not be sold in the United Kingdom for sterling.

(b) **In respect of residents of the Scheduled Territories other than the United Kingdom**

Permission under the Exchange Control Act 1947 is given for Coupons No. 77 to be sold in the United Kingdom for sterling or abroad for foreign currency, where Authorised Depositaries are satisfied that the underlying holding is in the beneficial ownership of such residents. Paragraph 58 of the Notice EC7 (2nd issue), as amended, refers.

Note:

The above permissions relating to residents of the Scheduled Territories other than the United Kingdom are given without prejudice to any requirements of the Local Exchange Control Authorities.

INCOME TAX POSITION

The proceeds of the sale of coupons on the bearer shares will not be liable to United Kingdom Income Tax since they represent the sale of an entitlement to a stock dividend paid from the Share Premium Reserve.

Sub-shareholders will not be liable to tax on Sub-share fractions obtained through the sale of Sub-shares on the market to provide those fractions.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Authorised Depositaries in the United Kingdom may present coupons to the Company's Paying Agents, National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2, on business days between the hours of 10 a.m. and 2 p.m. on the following basis:—

Payable as from 25 October 1979

Holders will receive new shares, free of payment, on the basis of one new share for each 30 shares held, against Coupon No. 77, presentation of which must be in multiples of 30 shares.

After 2 p.m. on 29 February 1980, an amount in cash based on the value of the shares, as at that date, will be made available by the Company. Claims lodged after 29 February 1980 must state country of residence of the beneficial owner and stipulate whether the underlying holding is regarded as qualifying for transfer in completion of a sale under the permission given in paragraph 37 of the Notice EC7 (2nd issue), as amended by Supplement No. 38.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK [NOMINEES] LIMITED

Claims should be lodged with National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2, on the appropriate claim form by Authorised Depositaries only, who should mark such payment of the dividend on the back of the certificates.

The Record Date will be 16 October 1979 and the Payment Date 25 October 1979.

Holders will be advised when the new Sub-share certificates are available against claims. Fractional certificates will not be issued but the certificates for Sub-shares representing fractions will be sold and the net proceeds distributed in the appropriate portions to claimants.

SHAREHOLDERS IN THE REPUBLIC OF IRELAND

Approved Agents in the Republic of Ireland may present coupons to the Company's Paying Agents there, Allied Irish Banks Limited, Registrar's and New Issue Department, 7-12 Dame Street, Dublin 2.

Claims on Sub-share certificates registered in the name of the Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks Limited, Registrar's and New Issue Department, 7-12 Dame Street, Dublin 2.

16 October 1979

NIPPON SEIKO K.K.

US$15,000,000 9¼ PER CENT. GUARANTEED NOTES 1980

Kleinwort, Benson Limited, on behalf of Nippon Seiko K.K., hereby gives notice to the holders of the above-mentioned Notes that The Fuji Bank, Limited, of Salisbury House, Finsbury Circus, London EC2P 2JH, a Paying Agent for the payment of principal and interest in respect of the Notes, will change its specified office with effect from 22nd October 1979, to the following address:

25-31 Moorgate,
London EC2R 6HQ.

SHOWA DENKO K.K.

US$10,000,000 GUARANTEED NOTES 1981

Kleinwort, Benson Limited, on behalf of Showa Denko K.K., hereby gives notice to the holders of the above-mentioned Notes that The Fuji Bank Limited of Salisbury House, Finsbury Circus, London EC2P 2JH, a Paying Agent for the payment of principal and interest in respect of the Notes, will change its specified office with effect from 22nd October, 1979, to the following address:

25-31 Moorgate,
London, EC2R 6HQ.

Johannesburg Consolidated Investment Group

(All companies mentioned are incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 1979 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued capital: R10 827 106
(Divided into 5 413 553 shares of R2 each)

OPERATING RESULTS

	Quarter ended 30.9.79	Quarter ended 30.6.79	Nine months ended 30.9.79
Gold			
Ore milled — tons	967 000	973 000	2 885 000
Kilograms produced	5 319	5 838	17 772
Yield — grams per ton	5,5	6,0	6,2
Revenue — per ton milled	R47,17	R41,95	R44,84
Working costs — per ton milled	R29,37	R26,70	R27,01
Profit — per ton milled	R17,80	R15,25	R17,83
Uranium			
Tons treated	822 000	876 000	2 352 000
Kilograms produced	123 419	104 024	268 168
Yield — kilograms per ton	0,150	0,119	0,114

FINANCIAL RESULTS (R000)

	30.9.79	30.6.79	Nine months 30.9.79
Revenue from gold	45 614	40 819	129 365
Working costs	28 406	25 979	77 935
Profit from gold	17 208	14 840	51 430
Profit from uranium	5 192	3 847	10 140
Net sundry revenue	402	268	884
Operating profit	22 802	18 955	62 454
Net interest payable	206	520	1 006
Profit	22 596	18 435	61 448
Capital expenditure	6 545	3 774	14 462
Dividends declared	—	13 534	13 534

Note
A provision for taxation and State's share of profits has not been made this quarter as the balances of unredeemed capital expenditure and accrued allowances have only now been exhausted. Taxation will become payable in the fourth quarter.

DEVELOPMENT

A total of 11 852 metres was advanced during the quarter (11 098 metres).

SAMPLING RESULTS: UE1A REEF

	Quarter ended 30.9.79	Quarter ended 30.6.79
Sampled — metres	1 869	2 124
Channel width — centimetres	161	167
Gold		
Av. value — grams per ton	7,6	7,0
— centimetre grams per ton	1 224	1 169
Uranium		
Av. value — kilograms per ton	0,337	0,298
— centimetre kilograms per ton	54,26	49,77

AREA RESULTS: UE1A REEF

	30.9.79 Cooke No. 1 Shaft	30.9.79 Cooke No. 2 Shaft	30.6.79 Cooke No. 1 Shaft	30.6.79 Cooke No. 2 Shaft
Sampled — metres	654	1 215	609	1 515
Channel width — centimetres	173	154	182	160
Gold				
Av. value — grams per ton	8,8	6,8	13,2	4,2
— centimetre grams per ton	1 522	1 047	2 402	672
Uranium				
Av. value — kilograms per ton	0,188	0,428	0,192	0,347
— centimetre kilograms per ton	32,52	65,91	34,94	55,52

The values shown in the above tabulations are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

PRODUCTION

Both Millsite plants continued to operate at full capacity on ore drawn from Randfontein Section and the Millsite stockpile during the quarter. Cooke plant ore was drawn only from the Cooke Section shafts whose total production was treated for gold. The increased proportion of lower grade gold ore from the Randfontein section again resulted in a lowering of the overall average grade and gold production.

Uranium production increased in the quarter under review and further improvements are expected in the next quarter.

Refurbishing of the No. 2 North rectangular vertical shaft headgear commenced during the quarter and dewatering of the Randfontein Section is continuing.

Randfontein Estates continued

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R6 545 000 bringing the total net capital expenditure to 30 September 1979 to R299 109 000. This total includes expenditure at Cooke Section amounting to R241 150 000. At 30 September 1979 there were capital commitments amounting to R6 000 000.

For and on behalf of the Board,
B. A. SMITH
F. J. L. WELLS *Directors*

Western Areas

Western Areas Gold Mining Company Limited
Issued capital: R40 306 950
(Divided into 40 306 950 units of stock of R1 each)

OPERATING RESULTS

	Quarter ended 30.9.79	Quarter ended 30.6.79	Nine months ended 30.9.79
Gold			
Ore milled — tons	1 061 000	1 110 000	3 254 000
Kilograms produced	5 623	5 994	17 573
Yield — grams per ton	5,3	5,4	5,4
Revenue — per ton milled	R47,19	R38,44	R40,57
Working costs — per ton milled	R28,20	R26,76	R27,06
Profit — per ton milled	R18,99	R11,68	R13,51

FINANCIAL RESULTS (R000)

	30.9.79	30.6.79	Nine months 30.9.79
Revenue from gold	50 072	42 663	132 003
Working costs	29 923	29 702	88 047
Profit from gold	20 149	12 961	43 956
Net sundry revenue (1)	383	24	609
Operating profit	20 532	12 985	44 565
Net interest receivable	507	436	1 345
Profit before taxation	21 039	13 421	45 910
Taxation (2)	9 280	5 374	17 454
Profit	11 759	8 047	28 456
Capital expenditure	4 732	4 502	12 306
Loan levy	719	440	1 309
Dividends declared	—	4 837	4 837

Notes
(1) Net sundry revenue was higher as a result of increased pyrite and scrap sales. In addition settlement was reached in respect of an insurance claim.
(2) Taxation, which includes State's share of profits, has been provided for on an annualised basis after due allowance for anticipated revenue and expenditure, including capital expenditure.

DEVELOPMENT

A total of 13 480 metres (14 238 metres) was advanced during the quarter. Included in the above total is Middle Elsburg development amounting to 2 550 metres (2 826 metres).

SAMPLING RESULTS: VENTERSDORP CONTACT REEF AND UPPER ELSBURG REEFS

	30.9.79 Total All Reefs	30.9.79 Ventersdorp Contact Reef	30.9.79 Elsburg Massive Reefs	30.9.79 Elsburg Individual Reefs	30.6.79 Total All Reefs	30.6.79 Ventersdorp Contact Reef	30.6.79 Elsburg Massive Reefs	30.6.79 Elsburg Individual Reefs
Sampled — metres	1 632	123	579	930	1 725	213	606	906
Channel Width — centimetres	184	57	203	190	202	128	222	206
Av. Value — grams per ton	7,2	15,6	6,6	7,2	7,0	6,8	7,6	6,6
— centimetre grams per ton	1 326	889	1 340	1 368	1 414	870	1 687	1 360

MIDDLE ELSBURG REEFS

	Quarter ended 30.9.79	Quarter ended 30.6.79
Sampled — metres	273	291
Channel width — centimetres	139	129
Gold		
Av. value — grams per ton	2,3	1,5
— centimetre grams per ton	320	194
Uranium		
Av. value — kilograms per ton	0,54	0,47
— centimetre kilograms per ton	75,06	60,63

The values shown in the tabulations are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

Western Areas continued

EXPLORATION

Exploratory drilling from underground, to ascertain the potential of the Middle Elsburg Reefs, continued during the quarter with the following results:

Reef Horizon	Borehole	Channel width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
UE 1 A	41 Level					
	No. 5	216	1,3	280,8	0,33	71,28
	No. 6	36	Trace	—	0,09	3,24
E 9	48 Level					
	No. 18	167	0,2	33,4	0,44	73,48
	No. 19	130	Trace	—	0,08	10,40
	No. 20	93	Trace	—	0,06	5,58
	No. 22	73	0,7	51,1	0,67	48,91
	No. 23	102	0,2	20,4	0,53	54,06
	No. 24	84	0,1	8,4	0,09	7,56
	No. 25	100	Trace	—	0,08	8,00
	No. 28	74	0.1	7,4	0.18	13,32
E 9 E/C	48 Level					
	No. 18	128	2,1	268,8	0,62	79,36
	No. 19	149	2,0	298,0	0,41	61,09
	No. 20	149	8,0	1 192,0	1,60	238,40
	No. 22	113	1,1	124,3	0,25	28,25
	No. 23	90	3,4	306,0	1,47	132,30
	No. 24	165	3,5	577,5	1,13	186,45
	No. 25	139	1,0	139,0	0,27	37,53
	No. 28	127	5,9	749,3	1,67	212,09
E 8	48 Level					
	No. 21	106	Trace	—	0.30	31,80

PRODUCTION

Tonnage milled was affected by an accident at the North Shaft in July which resulted in a 4 day loss of production at that shaft.

SUB-VERTICAL SHAFTS

The excavation of the S.V.3 shaft hoist chamber on 49 level progressed according to schedule. The shaft sinking contract was awarded during the quarter and sinking will commence in 1980.

Work on the S.V.4E shaft hoist chamber on 50 level proceeded according to plan with preparatory work for shaft sinking also making good progress.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R4 711 000 with other capital expenditure during the quarter amounting to R740 000 bringing the total net expenditure on capital account at 30 September 1979 to R258 290 000.

At 30 September 1979 there were capital commitments amounting to R8 966 000.

For and on behalf of the Board,
P. A. VON WIELLIGH
F. J. L. WELLS *Directors*

Elsburg

Elsburg Gold Mining Company Limited
Issued Capital: R30 203 000
(Divided into 30 203 000 units of stock of R1 each)

RESULTS FOR THE QUARTER ENDED 30.9.79

Stockholders are advised to study the operational results published by Western Areas Gold Mining Company Limited.

	Quarter ended 30.9.79	Quarter ended 30.6.79	Nine months ended 30.9.79
DIVIDEND DECLARED (R000)	Nil	R2 356	R2 356

For and on behalf of the Board,
P. A. VON WIELLIGH
F. J. L. WELLS *Directors*

16 October 1979
Johannesburg Consolidated Investment Company, Limited
Consolidated Building, Fox and Harrison Streets,
Johannesburg 2001
P.O. Box 590, Johannesburg 2000

Copies of the above reports are obtainable from the London Secretaries:
Barnato Brothers Limited.
99 Bishopsgate, London EC2M 3XE.

CURRENCIES, MONEY and GOLD

Dollar soft

The dollar was slightly firmer on balance against most currencies, while finishing well below its best levels of the day. Easier Eurodollar interest rates, and news of a sharp rise in oil prices by Libya and Iran depressed the U.S. currency, which traded within a range of DM 1.7965 to DM 1.8065 against the D-mark, before closing at DM 1.7990, compared with DM 1.7945 previously. It rose to SwFr 1.6350 from SwFr 1.6300, but declined from a high point of SwFr 1.6430. The dollar traded within a range of Y231.50 to Y233.70 against the Japanese yen and finished at Y231.90, compared with Y229.60 on Monday. The yen at its weakest level since March last year.

The dollar's trade-weighted index, as calculated by the Bank of England, rose to 85.9 from 85.6. Sterling's index, on Bank of England figures, rose to 68.9 from 68.8, after standing at 68.9 at noon and 69.0 in the morning.

Sterling traded within a narrow range of $2.1505 to $2.1565, and showed little movement on the announcement of the September trade figures. The pound closed at $2.1525-2.1535, a fall of 25 points on the day.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.7982 *against the D-mark, compared* with DM 1.7975 previously. In early trading the U.S. currency touched DM 1.8050, but fell to a low point of DM 1.7975 before the fixing in fairly active trading. The early strength of the U.S. currency was carried over from Far East trading, where the dollar was very strong against the yen. But European currencies were less affected by reports of an oil price rise by Iran and Libya than the heavily import-dependent Japanese.

ZURICH—The dollar slipped in calm trading after touching an early high of SwFr 1.6425 against the Swiss franc. By mid-afternoon the U.S. currency had declined to SwFr 1.6345.

MILAN—The dollar rose to L830.20 from L829.95 at yesterday's fixing, after touching a best level of L833.95 in the morning. The D-mark eased to L461.75 from L461.86, and compared with L463 in early trading. The Swiss franc was firm, while sterling fell to L1,788.25 from L1,791.20.

BRUSSELS—The Danish krone fell to BFr 5.5315 from BFr 5.5322½, and compared with a maximum permitted level of BFr 5.5325. Other members of the European Monetary System were firmer however, with the D-mark rising to BFr 16.117 from BFr 16.115; the French franc to BFr 6.8657½ from BFr 6.8590; the Dutch guilder to BFr 14.5512½ from BFr 14.5415; and the Italian lira to BFr 3.4915 per 100 lire from BFr 3.4855. Sterling rose to BFr 62.45½ from BFr 62.41, and the Swiss franc to BFr 17.7472½ from BFr 17.7205.

TOKYO—The dollar rose to its highest level since March 16, 1978, in hectic trading, touching Y231.70 against the Japanese yen. It close dat Y231.65, compared with Y229.02½ previously. The Bank of Japan sold an estimated *$430m during the day to check* the dollar's rise. The Japanese Finance Minister suggested that a package of measures may be necessary if the yen continues to fall. The recent decline has been caused by fears about oil supplies and a continued rise in the price of crude imports, coupled with Japan's balance of payments deficit for three consecutive months. Figures published yesterday showed that the deficit narrowed to $780m in September from $1.532bn in August.

THE POUND SPOT AND FORWARD

Oct. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1505-2.1565	2.1525-2.1535	0.05-0.15c dis	−0.56	0.35-0.45dis	−0.74
Canada	2.5280-2.5320	2.5275-2.5285	0.20-0.10c pm	0.71	0.55-0.45 pm	0.79
Nethlnd.	4.28-4.32	4.29-4.30	2-1c pm	4.19	4¾-3¾ pm	4.07
Belgium	62.30-62.65	62.40-62.50	3c pm-7c dis	−0.97	5 pm-5 dis	par
Denmark	11.27-11.32	11.28-11.29	2½-4½ore dis	−3.72	12½-14½ dis	−4.78
Ireland	1.0310-1.0380	1.0357-1.0367	0.30-0.40p dis	−4.05	0.80-0.90dis	−3.28
W. Ger.	3.86½-3.90	3.87-3.88	2½-1½pf pm	7.36	6¾-5¾ pm	5.80
Portugal	107.20-107.90	107.35-107.65	55-105c dis	−8.93	150-250 dis	−7.44
Spain	142.05-142.35	142.05-142.15	70-120c dis	−8.02	225-355 dis	−8.56
Italy	1,786½-1,794½	1,787-1,788	½-2½ lire dis	−0.84	7-9 dis	−1.79
Norway	10.71-10.76	10.71½-10.72½	5½-3½ore pm	5.32	4¼-2¾ pm	1.40
France	9.07½-9.14	9.08-9.09	1½-½c pm	0.99	1½-½ pm	0.60
Sweden	9.08-9.11½	9.09¾-9.10¾	2½-1½ore pm	1.98	5½-3½ pm	1.99
Japan	495-505	499-500	2.90-2.50y pm	6.37	7.65-7.25 pm	5.97
Austria	27.85-28.15	27.85-27.90	17-7gro pm	5.16	37-27 pm	4.59
Switz.	3.51-3.55	3.51¾-3.52¾	4-3c pm	11.92	10¾-9¾ pm	11.21

Belgian rate is for convertible francs. Financial franc 64.20-64.30c pm. Six-month forward dollar 0.58-0.63c dis. 12-month 0.10-0.20c dis.

THE DOLLAR SPOT AND FORWARD

Oct. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1505-2.1565	2.1525-2.1535	0.05-0.15c dis	−0.56	0.35-0.45dis	−0.74
Ireland†	2.0700-2.0825	2.0750-2.0800	0.05-0.35c pm	2.89	1.40-1.10 pm	2.41
Canada	1.1740-1.1750	1.1744-1.1747	0.15-0.11c pm	1.33	0.43-0.39 pm	1.39
Nethlnd.	1.9900-1.9980	1.9915-1.9930	0.85-0.75c pm	4.82	2.45-2.35 pm	4.82
Belgium	28.95-29.05	28.98-29.00	2½-1c pm	0.72	9-6 pm	1.03
Denmark	5.2400-5.2500	5.2410-5.2420	1.10-1.60ore dis	−3.09	5.20-5.70dis	−4.16
W. Ger.	1.7965-1.8065	1.7985-1.7995	1.10-1.00pf pm	7.04	3.10-3.00 pm	6.82
Portugal	49.80-49.95	49.85-49.90	12-27c dis	−4.57	40-90 dis	−5.21
Spain	66.00-66.10	66.00-66.05	25-45c dis	−6.36	100-125 dis	−6.81
Italy	830.00-833.95	830.25-830.75	0.10-0.30 lire dis	−0.29	1.50-2 dis	−0.84
Norway	4.9760-4.9790	4.9770-4.9780	2.75-1.75ore pm	5.42	3-2 pm	2.01
France	4.2170-4.2310	4.2190-4.2210	0.70-0.60c pm	1.85	1.48-1.28 pm	1.31
Sweden	4.2220-4.2285	4.2247-4.2257	1.20-1.00ore pm	3.12	3.25-3.05 pm	2.98
Japan	231.50-233.70	231.80-232.00	1.45-1.25y pm	6.98	3.95-3.75 pm	6.64
Austria	12.93½-12.98	12.94-12.95	7.10-6.60gro pm	6.35	19-17.50 pm	5.64
Switz.	1.6315-1.6430	1.6345-1.6355	1.78-1.71c pm	12.70	4.95-4.90 pm	12.05

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Oct. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.601163	0.643051
U.S. $	12	1.29755	1.38867
Canadian $	13	1.52293	1.62919
Austria Sch.	3¾	16.7851	17.9565
Belgian F.	10	37.5316	40.1360
Danish K.	11	Unavail.	7.25718
D Mark	5	2.33255	2.49516
Guilder	8	2.58277	2.76178
French Fr.	9½	5.47242	5.85463
Lira	12	1076.97	1152.59
Yen	6¼	297.398	318.283
Norwgn. Kr.	7	6.46180	6.91836
Spanish Pts.	8	85.6993	91.7077
Swedish Kr.	8	5.46697	5.84421
Swiss Fr.	1	2.11650	2.26561

CURRENCY MOVEMENTS

Oct. 16	Bank of England Index	Morgan Guaranty changes %
Sterling	68.9	−36.6
U.S. dollar	85.9	−7.3
Canadian dollar	80.6	−17.3
Austrian schilling	153.9	+23.9
Belgian franc	114.9	+14.2
Danish kroner	115.0	+3.1
Deutsche mark	155.0	+44.6
Swiss franc	201.1	+82.8
Guilder	124.2	+19.0
French franc	100.1	−6.6
Lira	54.5	−49.7
Yen	123.1	+31.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 16	£	$		Note Rates
Argentina Peso	3216-3236	1494-1503	Austria	27.40-28.40
Australia Dollar	1.9315-1.9415	0.8965-0.8990	Belgium	64-65
Brazil Cruzeiro	64.89-65.89	30.14-30.60	Denmark	11.15-11.35
Finland Markka	8.13-8.14	3.7680-3.7700	France	9.05-9.15
Greek Drachma	79.635-81.548	37.25-37.43	Germany	3.80-3.90
Hong Kong Dollar	10.7125-10.7325	4.9820-4.9850	Italy	17.70-18.20
Iran Rial	151.2-157.7	70.25-73.25	Japan	4.95-5.05
Kuwait Dinar (KD)	0.595-0.605	0.2785-0.2786	Netherlands	4.25-4.35
Luxembourg Frc.	62.37-62.47	29.82-29.85	Norway	10.60-10.80
Malaysia Dollar	4.6710-4.6810	2.1715-2.1725	Portugal	104-110
New Zealand Dlr.	2.1835-2.1935	1.0140-1.0170	Spain	141-145
Saudi Arab. Riyal	7.19-7.19	3.3600-3.3630	Switzerland	3.40-3.55
Singapore Dollar	4.65-4.66	2.1610-2.1620	United States	2.1660-2.1750
Sth. African Rand	1.78-1.7850	0.8270-0.8275	Yugoslavia	46-48

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.1840	+0.85	+0.85	±1.53
Danish Krone	7.36594	7.26371	−1.39	−1.39	±1.635
German D-Mark	2.48557	2.49335	+0.31	+0.31	±1.125
French Franc	5.85522	5.85201	−0.05	−0.05	±1.3575
Dutch Guilder	2.74748	2.76376	+0.59	+0.59	±1.515
Irish Punt	0.669141	0.667340	−0.27	−0.27	±1.665
Italian Lira	1159.42	1151.33	−0.70	−0.70	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.153	3.876	499.5	9.085	3.523	4.295	1788.	2.528	62.46
U.S. Dollar	0.464	1.	1.800	232.0	4.220	1.636	1.995	830.2	1.174	29.01
Deutschemark	0.258	0.556	1.	128.9	2.345	0.909	1.108	461.3	0.653	16.12
Japanese Yen 1,000	2.002	4.310	7.758	1000.	18.19	7.052	8.599	3579.	5.061	125.0
French Franc 10	1.101	2.370	4.265	549.8	10.	3.877	4.728	1968.	2.783	68.74
Swiss Franc	0.284	0.611	1.100	141.8	2.579	1.	1.219	507.5	0.718	17.73
Dutch Guilder	0.233	0.501	0.902	116.3	2.115	0.820	1.	416.2	0.589	14.54
Italian Lira 1,000	0.559	1.204	2.168	279.4	5.083	1.971	2.403	1000.	1.414	34.94
Canadian Dollar	0.396	0.852	1.533	197.6	3.594	1.393	1.699	707.1	1.	24.70
Belgian Franc 100	1.601	3.446	6.205	799.8	14.55	5.641	6.878	2862.	4.048	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.00-10.30 per cent; three months 14.40-14.50 per cent; six months 14.40-15.50 per cent; one year 14.55-14.65.

Oct. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n.a.	12½-13¾	12½-13½	9⅜-9⅝	⅞-⅜	7⅞-8	11½-12½	12-13	—	8-12⅞
7 days' notice	n.a.	13¼-13⅝	12¾-13¾	9⅜-9⅝	1-1¼	7 [illegible]	11½-12½	12½-13½	13 [illegible]	5 [illegible]-6⅞
Month	13⅞-14⅛	14 [illegible]	13-13⅜	9 [illegible]	1⅞-2	7 [illegible]	12½-13¾	14-15	14 [illegible]	7 [illegible]
three months	14⅛-14⅜	13 [illegible]	13 [illegible]	9⅝-9⅞	2⅝-2¾	8 [illegible]	13¼-13½	15½-16½	14⅞-15	7¾-8 [illegible]
six months	14 [illegible]	13⅝-13⅞	13 [illegible]	9⅝-9⅞	3 [illegible]	8 [illegible]	13½-13¾	16-17	14⅞-15	7¾-8 [illegible]
one year	14-14¼	13⅝-13⅞	12 [illegible]-13 [illegible]	9 [illegible]	3 [illegible]	7¾-7⅞	13⅛-13¾	16¼-17¼	13¾-13⅞	7½-7⅞

Long-term Eurodollar two years 12-12⅛ per cent; three years 11½-11¾ per cent; four years 11⅛-11½ per cent; five years 11⅛-11⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates firm

U.S. interest rates continued to harden yesterday, and yields on Treasury bills advanced from the auction. Thirteen-week bills rose to 11.90 per cent from 11.836 per cent at the auction, and 26-week bills were firmer at 11.74 per cent against 11.716 per cent. Nervous conditions prevailed in the wake of the Fed's shift in emphasis away from regulating the Fed funds rate. In early trading yesterday Fed funds were trading 13½-13¾ per cent compared with Monday's closing level of 13¼ per cent.

FRANKFURT — Call money continued to firm and touched 8.40-8.50 per cent yesterday compared with 8.30-8.50 per cent on Monday. Longer term rates were stable with one-month at 8.10-8.20 per cent, three-month at 8.50-8.60 per cent, six-month 8.20-8.30 per cent and 12-month 8.15-8.25 per cent.

PARIS—Call money remained at 11¼ per cent yesterday, but longer term rates showed a slightly easier tendency. One-month money was quoted at 11⅝-11⅞ per cent compared with 11⅞-12 per cent, while three-, six- and 12-month money eased to 12-12¼ per cent from the previous common level of 12⅛-12¼ per cent.

AMSTERDAM—Interest rates were easier in the short term with call money at 9⅜-9⅝ per cent compared with 9½-10 per cent on Monday, and one-month money slipping to 9⅞-10⅛ per cent from 10-10½ per cent. Three-month funds were unchanged at 10⅛-10½ per cent but the six-month rate rose slightly to 9⅞-10⅛ per cent from 9¾-10 per cent.

HONG KONG—Conditions in the money market were easy with call money at 9 per cent and overnight business dealt at 6¼ per cent.

MONEY RATES

NEW YORK

Prime Rate	14½
Fed Funds	13½-13¾
Treasury Bills (13-week)	11.90
Treasury Bills (26-week)	11.74

GERMANY

Discount Rate	5
Overnight Rate	8.45
One month	8.15
Three months	8.55
Six months	8.25

FRANCE

Discount Rate	9.5
Overnight Rate	11.25
One month	11.8125
Three months	12.0625
Six months	12.0625

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.6875
Bills Discount (three-month)	7.25

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities helped to mop up some of the surplus by selling a small amount of Treasury bills, all direct to the discount houses. However, after paying up to 13½ per cent for secured call loans at the start, discount houses picked up late balances as low as 9 per cent.

The market was helped by a small excess of Government disbursements over revenue transfers to the Exchequer and banks bringing forward balances a moderate way above target. On the other hand there was the repayment of Monday's small market advances and a small net take up of Treasury bills to finance.

In the interbank market overnight loans opened at 13¼-13½ per cent and rose on the early forecast of a small shortage to 13½-13¾ per cent. However, rates soon fell away and were down to 10 per cent by lunch. Some money was taken later in the day up to 13⅝ per cent, but today promises to be somewhat easier, as banks will be eager to offer money to the discount houses, since today is published figure day, and money lent to discount houses counts as a reserve asset.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 16 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	10-13⅝	—	—	—	13¾	9-13¼	—	—	—
2 days notice	—	—	14-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅛-13¼	14-14¼	—	14⅜	14	12⅝-13¾	—	—	—
One month	14⅛-13¾	13 [illegible]	14	15-14¾	14⅝	14	13½-13⅝	13 [illegible]	14-14⅛	14½
Two months	14 [illegible]-13 [illegible]	13¾-13⅞	—	14⅝-14⅜	14⅜	—	13⅝	13 [illegible]	14-14⅛	14½
Three months	14-13 [illegible]	13¾-13⅞	13 [illegible]-14	14¼-14	14⅜	14¼	13⅝	13 [illegible]-13 [illegible]	14-14 [illegible]	14⅜
Six months	13¾-13⅝	13¾-13⅞	13¾-13⅞	13⅞-13½	14⅛	—	—	—	13 [illegible]	14⅛
Nine months	13 [illegible]-13 [illegible]	13⅝-13½	—	13⅞-13½	14⅛	—	—	—	—	—
One year	13 [illegible]-13	13 [illegible]	13¼-13⅝	13½-13¼	13⅞	—	—	—	—	—
Two years	—	—	13¼-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 13¾-13½ per cent; four years 13⅝-13½ per cent; five years 13⅝-13¾ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 [illegible] per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅛-13 11-64ths per cent; two-month 13⅛-13 [illegible] per cent; *three months 13 [illegible] per cent. Approximate rates for* one-month bank bills 13⅞-13 [illegible] per cent; two-month 13⅞-13¾ per cent and three-month 13⅞-13 [illegible] per cent; one-month trade bills 14⅛ per cent; two-month 13¾ per cent and three-month 14½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14½ per cent from October 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3615 per cent.

GOLD

Weaker trend

Gold fell $9 to close at $390-393. It opened at $397-399 and declined in listless trading, influenced by the initial strength of the dollar. The metal was fixed at $398.60 in the morning and $394.25 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 54,500 per kilo ($401.40 per ounce) in the afternoon, compared with FFr 54,700 ($402.68) in the morning, and FFr 53,750 ($403.77) Monday afternoon.

	October 16		October 15	
Gold Bullion (fine ounce)				
Close	$390-393	(—)	$399-402	(£185-186.5)
Opening	$397-399	(—)	$401-404	(£186.1-187.4)
Morning fixing	$398.60	(£185.60)	$400.20	(£185.252)
Afternoon fixing	$394.25	(£182.862)	$402.90	(£186.657)
Gold Coins				
Krugerrand	$396-399	(£183½-185½)	$407-410	(£188-191)
Mapleleaf	$410-420	(£192-197)	$415-420	(£192-195)
New Sovereigns	$100½-102½	(£46½-47½)	$103-105	(£47¾-48¾)
King Sovs	$111-113	(£51½-53)	$113-115	(£52¼-54¼)
Victoria Sovs	$112-114	(£52-54)	$114-116	(£53-55)
Fr 20 Napoleon	FFr418-429	(SFr162-166)	FFr420-436	(SFr163-166)
50 pesos Mexico	$497-499		$500-503	
100 Cor. Austria	$389-391		$391-394	
$20 Eagles	$485-489		$485-490	
$10 Eagles	$246-251		$249-254	
$5 Eagles	$221-226		$224-229	

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APPOINTMENTS

Board posts at Vauxhall

Mr. David T. Young, director of personnel, and Mr. Arthur J. Eldred, director of purchasing and traffic, have been elected to the Board of VAUXHALL MOTORS. Mr. Young joined Vauxhall at the beginning of 1944 and later transferred to GM Ltd. where he was elected to the Board as director and group personnel manager in 1975. He was made director of personnel and industrial relations last April and rejoined Vauxhall as director of personnel in August. Mr. Eldred has been with the company since 1934 and held a number of senior positions in purchasing before taking up his present post last month.

★

Mr. J. Jeremy McK. Potter, an assistant director of J. Henry Schroder Wagg and Co., has been appointed a non-executive director of RCF HOLDINGS.

★

Mr. Raymond P. Edwards has been appointed managing director of the HENRY LONG GROUP, a subsidiary of Ocean Transport and Trading.

★

Mrs. C. I. Taylor and Mr. A. Taylor have resigned as directors of HALL BROTHERS STEEL SERVICES. Mr. Derek Jackson has been appointed general manager.

★

Mr. Gerald E. Solomon, has been elected a director of BANKERS TRUST INTERNATIONAL, the wholly-owned international banking subsidiary of Bankers Trust Company.

★

Mr. Malcolm E. Widdows has been appointed a director of the BROCK METAL COMPANY, part of the Leigh and Sullavan Group.

★

Mr. Colin Dowse has been appointed financial director of WILLIAM PICKLES AND CO.

★

Mr. Colin V. K. Williams, finance and administration manager Southampton, Hampshire, has been appointed a director of PIRELLI GENERAL CABLE WORKS.

★

Mr. Alan Witt has been appointed as sales director designate of BRITTAINS-ARBORFIELD.

★

Mr. Squire Wilkins, a director of Reed International, and chief executive of its paper and packaging operations world-wide, has been elected the first president of the EUROPEAN PAPER INSTITUTE which has been formed by the paper industries of the EEC and Scandinavian countries. The association's purpose is to gather and analyse economic and statistical data in order to inform its members and to contribute to the thorough study of problems confronting the pulp, paper and board industry of Western Europe, in a free trade context.

★

Miss Lucinda Prior-Palmer has been appointed a director of BACON EVERITT MORRIS AND ASSOCIATES, part of the Devitt Langton and Dawnay Day Group, from November 1.

★

Mr. Anthony Stranger-Jones has become a non-executive director of BARCLAYS MERCHANT BANK. He will be appointed a director of Korea Merchant Banking Corporation, an associate of Barclays Bank International, on November 1.

★

Mr. Alexander R. Macmillan, director and chief general manager of the Clydesdale Bank, has been elected chairman of THE COMMITTEE OF SCOTTISH CLEARING BANKERS. He succeeds Mr. John B. Burke, managing director of the Royal Bank of Scotland, who has completed his two year term of office as chairman. Mr. Macmillan has been elected to the office for a second time having been chairman of the committee from 1973 to 1975.

★

Mr. E. Lawrence-Corrie, managing director of the Continental Assurance Company has been appointed a director of I.N.A. U.K. HOLDINGS and I.N.A. REINSURANCE COMPANY (U.K.).

★

Mr. Noel Hepworth, director of finance at Croydon Borough Council, has been appointed director of the CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY. Mr. Richard Emmott, secretary of the Institute, is appointed deputy director. Mr. Hepworth takes over full responsibility at CIPFA on January 1. In 1956, he joined Manchester Corporation rising to assistant City Treasurer.

★

Mr. R. R. Russell, chief London manager (UK and Europe) of the NATIONAL BANK OF AUSTRALASIA, will return to Australia shortly prior to his retirement. He will be succeeded by Mr. P. J. Buckingham, who is at present chief lending manager, branch banking division, head office, Melbourne.

★

Mr. J. B. Redman has been appointed executive deputy chairman of Electrolux Limited and Electrolux Associated Companies with effect from November 1. He remains chief executive of the Electrolux Group in the UK. Mr G. P. H. James is to become managing director and Mr. N. W. Dewart deputy managing director of Electrolux Limited from that date.

RESIDENTIAL PROPERTY

CONTRACTS AND TENDERS

COMPANY NOTICES

PUBLIC NOTICES

EXHIBITIONS

Wall St. shade easier after active morning

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—32% (32%)
Effective $2.1530 9¼% (9¼%)

AFTER AN initial technical rally, Wall Street resumed its downward course, although at a more moderate pace than of late, to record a small net loss at mid-session following a fairly sizeable business.

The Dow Jones Industrial Average had picked up 3.24 at the 11.00 am calculation, but subsequently receded to 830.12 at 1 pm for a fresh loss of 0.94 on balance. The NYSE All Common Index, after retrieving 21 cents, was a net 10 cents lower at $58.50, while declines at mid-session led gains by an eight-to-five ratio. Turnover increased to 24.20m shares from Monday's 1 pm level of 21.86m.

Closing prices and market reports were not available for this edition.

Analysts said investors are worried about increased inflationary pressures from higher oil prices which are expected to spread through OPEC nations following increases by Libya and Iran.

However, Saudi oil minister Sheikh Yamani reportedly saw a good possibility that his nation would continue to produce oil at a rate above 9.5m barrels a day after December. Saudi Arabia has said it would produce 9.5m barrels a day until then.

There was also concern about weakness in IBM, which hit a new low for the year on heavy volume.

IBM, which last week reported a drop in third-quarter profits, shed ¾ to $64½ on turnover nearing 600,000 shares, after touching a new low for the year of $64⅜.

John Smith, of Fahnestock and Co, said IBM's fall indicated that institutions are not confident that Federal Reserve anti-inflation plans will be given a chance to work. Treasury Secretary Miller said much of the recession's impact lies ahead.

Volume leader Fleetwood Enterprises lost ¾ to $7⅛. A block of 559,000 shares were moved at $7.

Take-over news fuelled gains for several issues. EMI, the NYSE percentage gain leader, rose ⅞, or 29 per cent, to $3½ in active trading. Thorn Electrical is to offer seven of its Ordinary shares for each 20 EMI shares.

Barber Oil rose 2½ to $54. Hanson Trust is to pay $61.30 a share for the 91 per cent of Barber's stock it does not yet own.

THE AMERICAN SE Market Value Index was 1.67 easier at 207.47 at 1 pm after volume of 2.47m shares (2.36m).

Volume leaders Resorts International "A" receded 1¼ to $25¾ and Golden Nugget ¾ to $14.

Among other actives, Gulf Canada fell 3¾ to $74⅛ and Dome Petroleum ⅜ to $40¼.

Triton Oil shed ½ to $11⅞ on sharply lower first-quarter net earnings.

Canada

The recent sharp retreat continued over a wide front in busy early dealings. The Toronto Composite Index fell 21.2 more to 1,622.0 at noon, while the Oils and Gas index receded 35.4 to 3,162.9, Golds 32.2 to 2,033.4 and Metals and Minerals 28.3 to 1,450.2. In Montreal, Banks weakened 3.02 to 288.25 and Utilities 4.73 to 229.34.

Tokyo

Following the good recovery of the past three trading sessions, the market initially edged further ahead yesterday before declining towards the close as investors rushed to sell oil stocks, expressing concern over a sharp decline of the yen. Brokers explained that the yen's weakness could result in foreign exchange losses for oil companies.

Falls on the First Market section finally outscored rises by 355 to 258, while the Nikkei-Dow Jones Average closed 10.31 down on the day at 6,516.63. Trading was active, with volume reaching 400m shares (300m).

Pharmaceuticals, Precision Machinery Makers, and light Electricals were sold along with Oils as investors were worried over a possible increase in the Official Discount Rate in the near future. One broker said there were rumours in the market that the Bank of Japan has already decided to raise the Official Discount Rate in November by 0.75 of a percentage point or a full 1 per cent.

However, Trading Houses and Real Estates were mainly higher, the latter sector on inflation hedge-buying. Trading Houses continued to be purchased on speculation that their earnings would rise because of the recent increase in oil trading. Mitsui rose Y14 more to Y509.

Shippings improved afresh, with Nippon Yusen, one of the major Japanese shipping concerns advancing sharply on reports that its earnings are expected to improve considerably due to the recent increase in freight charges.

Paris

Sharp and widespread falls were sustained in active dealings, with the Bourse Industrials index retreating 5.1 to 95.2.

Market observers said investors were depressed by news that Libya and Iran had decided to raise the prices of their exported oil, and apprehensive that the action might be imitated by other OPEC members which have been moderate in their pricing policies up to present.

Investor confidence was also sapped by the fresh overnight weakness on Wall Street, news that French trade had remained in deficit in September and the start of a week of strikes in the nationalised sectors in France. Most of France was affected by power cuts yesterday.

The publication of an interview by French Premier Raymond Barre in which he stated that any new oil price increase would, in the longer term, lead to recession and greater unemployment did not help matters, one broker commented.

Apart from steady to higher Foods and Mixed Portfolios, declines predominated in all sectors.

Among Oils, Elf-Aquitaine lost FFr 72 to FFr 1,143 and CFP fell FFr 13 to FFr 281. Française des Petroles BP was among several shares temporarily suspended due to an influx of selling orders, and was finally quoted FFr 6.70 below Monday's close at FFr 87.7.

Germany

Bourse prices generally lost further ground, bringing the Commerzbank index down 6.4 more to 752.0.

Traders said the market was tensed both by the oil price rises reported on Monday by Iran and Libya and by widespread market talk that Deutsche Bundesbank may announce rises in the Discount and Lombard rates at the Central Bank Council meeting, scheduled for tomorrow in West Berlin. Rumours were further encouraged by Bundesbank President Otmar Emminger's Monday evening speech which reaffirmed his stable monetary policies even at the expense of West Germany's economic growth.

Market sources, however, said that the day's heaviest share price losses were posted in the first session and that many were partially recouped in a calmer second session.

Among Stores, Karstadt fell DM 4.80 and Horten DM 2.00, while Electricals had Varta DM 3.00 weaker and Siemens DM 2.00 lower. GHH, in Engineerings, receded DM 2.50, while Bayerische Vereinsbank declined DM 2.10.

Public Authority Bonds registered further losses ranging to 50 pfennigs. The Bundesbank bought a nominal DM 3.5m of paper after purchases of DM 7.4m the previous day. Mark-denominated Foreign Loans were up to 50 pfennigs lower.

Australia

The recent reactionary trend continued, with the Sydney All Ordinaries index surrendering 4.91 more at 654.84.

Among Minings, MIM shed 3 to A$3.02 despite reporting tripled unaudited net earnings for the first quarter.

North Broken Holdings declined 9 cents to A$2.60 and Bougainville Copper 6 cents to A$2.12. However, take-over target BH South picked up 10 cents to A$3.50: last week the company received a bid from Western Mining, down 2 cents yesterday at A$3.18.

Central Norseman Gold also found support and put on 20 cents to A$7.70, while Woodside Petroleum gained 3 cents to A$1.36 on reports that the company has located hydrocarbon signs in its Walcott number one well.

On the Industrial boards, BHP slipped 4 cents more to A$9.06, but News rallied 7 cents to A$3.35.

Hong Kong

After Monday's strong rally, stock prices put on a mixed performance yesterday in moderate activity, although Properties generally made further headway.

Hong Kong Land rose 20 cents to HK$10.50, while the 1980 Warrants advanced HK$30.00 to HK$1,200.00 and the 1986 Warrants 10 cents to HK$7.30.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated. ♠ Pta 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. Φ FFr 500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK—DOW JONES

	Oct. 15	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	831.06	838.99	844.62	849.32	867.59	864.04	897.61 (5/10)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	78.85	79.19	79.35	80.04	80.56	80.63	86.10 (15/8)	78.85 (15/10)	—	—
Transport.	238.46	242.89	243.88	246.28	252.24	252.61	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	102.50	103.42	102.64	101.62	104.94	107.41	109.61 (25/6)	98.51 (16/9)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	35,000	36,610	47,700	82,000	55,920	32,760	—	—	—	—

◆ Day's high 840.36 low 823.89

Ind. div. yield %	Oct. 12	Oct. 5	Sept. 28	Year ago (approx)
	5.93	5.64	5.66	5.92

STANDARD AND POORS

	Oct. 15	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	115.73	116.95	117.66	118.02	119.35	122.93	124.49 (5/10)	107.03 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.36	104.49	105.05	105.36	108.63	109.88	111.27 (6/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 10	Oct. 5	Sept. 26	Year ago (approx)
Ind. div. yield %	5.20	4.99	4.97	4.69
Ind. P/E Ratio	7.30	8.13	8.18	9.81
Long Gov. Bond Yield	9.75	9.30	9.16	8.58

N.Y.S.E. ALL COMMON

Oct. 15	Oct. 12	Oct. 11	Oct. 10	1979 High	1979 Low
58.60	59.29	—	59.53	62.88 (21/9)	53.88 (27/3)

Rises and Falls

	Oct. 15	Oct. 12	Oct. 11
Issues Traded	1,905	1,896	1,929
Rises	256	751	811
Falls	1,334	748	688
Unchanged	315	397	333
New Highs	3	7	..
New Lows	118	95	—

MONTREAL	Oct. 15	Oct. 12	Oct. 11	Oct. 10	1979 High	1979 Low
Industrial	299.87	305.47	310.13	306.57	332.12 (5/10)	219.19 (2/1)
Combined	286.19	291.34	294.58	291.75	314.35 (5/10)	225.80 (2/1)
TORONTO Composite	1645.2	1674.9	1685.8	1689.5	1804.71 (5/10)	1315.8 (2/1)
JOHANNESBURG Gold	(u)	383.1	381.6	—	417.1 (2/10)	228.4 (17/4)
JOHANNESBURG Industrial	(u)	366.8	368.6	—	374.5 (2/10)	270.5 (2/1)

	Oct. 16	Pre-vious	1979 High	1979 Low
Australia (§)	654.84	658.75	692.63 (2/10)	545.72 (2/1)
Belgium (‖)	106.55	107.06	109.47 (5/10)	98.80 (3/1)
Denmark (**)	92.11	92.25	97.46 (25/7)	88.32 (8/1)
France (††)	95.2	100.3	107.1 (5/10)	71.5 (15/2)
Germany (‡‡)	752.0	758.4	854.6 (16/1)	719.4 (7/6)
Holland (§§)	72.4	72.8	85.9 (24/1)	71.5 (7/6)
Hong Kong (¶¶)	655.02	656.34	656.88 (3/10)	493.65 (2/1)
Italy (‖‖)	85.64	84.78	93.85 (4/10)	69.35 (2/1)
Japan (a)	454.68	455.34	465.24 (29/9)	435.1 (13/7)
Singapore (b)	410.25	406.64	423.55 (5/10)	346.34 (25/2)
Spain (d)	—	(c)	111.96 (8/3)	55.75 (4/10)
Sweden (e)	338.15	339.6	401.34 (6/2)	341.3 (24/9)
Switzerld (f)	321.8	324.3	329.1 (2/5)	294.0 (3/1)

All indices have base values of 100 except NYSE All Common—50; Standards and Poors—10 and Toronto—1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
IBM	650,700	65½	−½
Marriott	458,500	16⅞	—
Howard Johnson	425,900	17½	−1½
Citicorp	391,000	20⅝	−1¼
Texaco	298,700	29½	−½
Amer. Airlines	294,800	10⅛	—
Va. Elect. Pwr.	278,700	12	—
Occid'tal Petrolm.	276,200	25½	+½
CIT Financial	258,100	56⅞	−½
Mobil	254,400	49	−½

Financial Rand U.S.$0.88 (Discount of 26.5%)

COMMODITIES AND AGRICULTURE

Sharp fall in copper prices

BY OUR COMMODITIES EDITOR

SPECULATIVE SELLING in "thin" trading conditions brought a sharp fall in copper prices on the London Metal Exchange yesterday.

Cash wirebars dropped by £45 to £906 a tonne. With last week's losses, copper prices have now fallen by over £100 in the past seven trading days.

The decline yesterday was triggered off by a further fal lin the New York market with further profit-taking sales by speculators meeting buying resistance from the trade.

Other base metals were also depressed by the downward tren din copper. Cash lead closed £27.5 down at £616.5 a tonne, following freer offerings of nearby supplies and both trade and speculative selling.

Aluminium, nickel and zinc also lost ground.

A continued shortage of nearby supplies sustained the cash tin price which closed marginally higher at £7,675 a tonne after having traded at £7,740 earlier in the day. But the three months quotation fell by £120 to £7,160 a tonne with selling encouraged by reports of further moves in the U.S. Congress to secure approval for the sale of surplus tin from the strategic stockpile.

Oil riches behind metals surge suggests RTZ chairman

BY JOHN EDWARDS, COMMODITIES EDITOR

EFFORTS BY oil-rich countries to use metals, instead of dollars, as a store of wealth were possibly responsible for the recent unprecedented rise in metals prices, according to Sir Mark Turner, chairman of the Rio-Tinto zinc group.

Sir Mark told a London conference yesterday that if the oil-rich countries had been responsible for putting up the price of copper, they had probably made a good investment.

Copper was still substantially below the price needed for bringing mines into production, he said, and although the world supply and demand position was probably balanced, some growth in the market must occur.

The massive inflation in capital costs meant that much higher prices than current levels would be required to finance new mines.

A warning about copper prices being driven too high came from Herr Ingo Pahl, chairman of the International Wrought Copper Council, which represents consumers.

Herr Pahl said fabricators fully understood producer interest in copper prices providing sufficient incentive for the development of new ore bodies. But neither fabricators nor producers could have an interest in excessive short-term price jumps.

Prices should not be exaggerated to where it was no longer possible to pass them on to consumers without harming the markets. Anxiety or uncertainty among end-users might force them into changing to different materials or might hinder the introduction of new copper products.

Orlando Urbina, secretary-general of the Intergovernmental Council for Copper Exporting Countries (Cipec), said future copper supply depended mainly on costs. It was difficult to say what price would be needed to guarantee the development of a healthy production industry without slowing down consumption.

But it was undeniable, he said, that the price in recent years was not sufficient to allow the development of new resources or even to encourage the exploitation of existing deposits.

World sugar market at new peak

BY RICHARD MOONEY

WORLD SUGAR prices rose to their highest levels for two and a half years yesterday as Chinese buying rumours continued to encourage market speculators.

In the morning the London daily raw average sugar price was lifted £5 to £144 a tonne, taking the rise on the week so far to £14. And on the London futures market the March quotation climbed to £158 a tonne at one stage before ending the day £3.5 up at £154.575 a tonne.

Dealers said rumours that China had purchased 50,000-60,000 tonnes of raw sugar on the world market were still providings the main upward pressure. But they said this was now backed up by "vague talk" of USSR buying interest.

Another "bullish" factor was news that a New York trade house had paid 14.90 cents a pound for 5,000 tonnes of Dominican Republic raws for November/December 1980 shipment. This compares with a October 1980 shipment quote in New York on Monday night of 14.14 cents a pound.

The price upsurge has revived interest in earlier "bullish" factors. Notable among these is the concern over the possibility of a shortfall in Cuban sugar production during the 1979-80 crop season which was given much play last week.

This concern is based on the recently reported rust disease threat and on fears that the past Cuban crop was deliberately boosted at the expense of potential future production to secure the maximum possible export quota.

The upward pressure on prices was also encouraged by reports of growing opposition to the U.S. Sugar Bill which is expected to be discussed in the House of Representatives this week.

Increasing numbers of American politicians are arguing that the agreement is over-generous to Cuba—a factor which is particularly ypotent in view of the recent strained relations between the two countries.

World tea crop fall expected

WASHINGTON — World tea production, excluding China, is forecast to reach 1.47m tonnes this year, down slightly from the record 1.48m tonnes produced last year, the U.S. Agriculture Department said yesterday.

The USDA's Foreign Agricultural Service (FAS) said the smaller crop reflects unfavourable growing conditions in India, where dry weather cut output in the north-eastern areas.

Production in Uganda and Mozambique will also be lower this year, while little change is expected in Sri Lanka, the FAS said.

Kenya is expected to harvest a record 102,000-tonne crop compared with 93,400 tonnes in 1978, it said.

The USDA said tea imports by the UK in 1978 amounted to only 177,811 tonnes, 27 per cent below 1977 shipments and the lowest total since 1950.

However, imports during the first six months of this year totalled 109,070 tonnes, 22 per cent above shipments in the similar 1978 period, indicating a recovery in imports can be anticipated this year.

Imports by the U.S. this year are expected to be about equal to the 68,834 tonnes imported in 1978.

Reuter

Denmark backed on UK fishing ban

BRUSSELS—The Common Market Commission yesterday endorsed Denmark's view that British measures to conserve fish stocks inflicted substantial and unnecessary losses on Danish fishermen.

In a message to the Danish Government, made public here, it said Britain's ban on fishing in an area of the North Sea known as the Norway "pout box" went further than was needed to conserve stocks and meet one member state's economic interests.

Britain already faces a case in the European Court over the "pout box."

The Commission said a decision was expected soon, but told Denmark it did not, for the present, intend to seek an interim injunction against the ban, which could have outlawed it immediately, pending the court's final ruling on the case.

Reuter

FRENCH LAMB TRADE

A fight to the bitter end

BY JOHN CHERRINGTON IN LIMOGES

A COUPLE of weeks ago some 10,000 angry farmers demonstrated in the streets of this city, held up traffic on the main roads, and organised similar happenings in other towns of the Massif Central.

The object of this exercise, so the organisers told me, was to reinforce their Government in what they saw as its stand against the ruling of the European Court that France should open its market freely to imports of British lamb.

They did not suggest the court's ruling should be defied indefinitely, but that the market should be controlled by a full-scale Community regulation for sheep meat complete with a guaranteed price and intervention buying and some regulation of imports into the UK of New Zealand lamb.

They would not be satisfied with either a deficiency payment on the British pattern or with income supplements as suggested in some quarters. These would not provide sufficient compensation for the loss of their own luxury market.

In France, lamb is a luxury, much of it produced out of season, and the economic mainstay of thousands of farmers in the hills and mountains of this region. The industry depends as much on the use of compound feeds as on grass, and in many cases the lambs are not allowed out of the rearing sheds which are a feature of the area. Most of these were built over the last 20 years with Government aid.

Subsidisation and encouragement of this type of sheep farming has been part of a social policy designed to keep the rural population in place and prevent it drifting to the towns.

In this area the land is fairly kind, more like south Devon than the mountains further south, and I was told that a farm with 250 to 300 ewes would provide a living for a family.

The flocks would be divided so that a proportion of the ewes would lamb in October for lambs to sell at Christmas and the New Year with the balance being born in spring. Pasture growth is not good in the late summer so that even spring lambs need supplementary feeding. In recent years, maize silage has come to form an important part of the diet.

Production costs are high and demand high prices. The "trigger" price, at which the French market is closed to UK imports, is just under £1 a pound.

The British price has been about 65p and is even less now. French sheep farmers believe that if the market were to be opened to free importation prices would fall and ruin them.

A calculation was made for my benefit that if the price of French lamb should fall towards the UK level by as little as 20 per cent, a large number of producers would have to go out of business. If it fell any further the whole area would become deserted. After visiting farms here I could support much of what was said.

Apart from climatic problems and the fact that the local sheep are bred for this type of farming, the level of costs is higher than in the UK. The only alternative form of production in favoured areas would be milk.

But the French sheep industry is far from satisfied with its present protection. In spite of the closure to British imports, the tonnage of lamb arriving on on the Paris market is still high and the market is still weakening slightly.

Imports from Germany and Belgium are blamed for this and as neither country has a significant sheep population the inference is that British lamb has been sent the long way round.

It was pointed out to me that France would always need some imported lamb to meet consumer demand and the present level of about 40,000 tonnes originating in the UK and Ireland could be accommodated—but only if supplies were regulated to avoid flooding the market. British market prices are closely monitored here and the present levels cause the utmost anxiety.

There are numerous sheep farmers' organisations, each with a channel of communication to ministers. But the general consensus seems to be that the French Government, stiffened by more demonstrations and possible physical interference with imports, would probably argue for the replacement of present national measures with a full-scale Community regime, including free trade between the Nine member countries, together with intervention buying and a strict limitation of New Zealand imports into the UK.

This would mean an unbinding of the GATT guarantee for New Zealand imports, which could be compensated for by a higher price for those New Zealand supplies which were allowed in.

All my informants insisted that New Zealand supplies are the key to the situation. They say unless they are controlled in some way there will be nothing to prevent the British eating New Zealand lamb while destroying the French market with their own.

Also, no Community regulation could work without such control. There have, according to the French sheep organisations, been hints from Brussels—but this is Commission thinking as well.

My own assessment is that the French will, for political and social considerations, defend their sheep farmers to the bitter end. Having studied the situation on the ground one cannot really blame them.

EEC sheepmeat proposals attacked

BY ROBIN REEVES, WELSH CORRESPONDENT

THE FARMERS' Union of Wales has called on the Government to fight for retention of guaranteed prices and deficiency payments in the UK as part of the EEC's proposed common sheepmeat regime.

It wants the Government to reject the Brussels Commission's proposal for intervention buying of sheepmeat and monetary compensatory amounts linked to "green pound" rates of exchange covering intra-EEC trade.

The union warns that the Commission is likely to emphasise intervention buying in order to placate French interests.

France is determined to protect its sheep producers and its high-priced market from British competition and is currently defying the European Court's ruling that British sheepmeat imports should be allowed onto the French market. France is pressing for an intervention system in any agreed regime.

The FUW says it accepts the importance of not pricing lamb out of reach of consumers but, taking into account the increased costs of British producers, it would like to see some control of New Zealand lamb imports to suit the needs of the British market.

It also calls for the introduction of the sheepmeat regime—which, it says, must guarantee free trade in sheepmeat between EEC members—without the provision of a transition period. Experience has shown that a transitional period is of little benefit to producers, it suggests.

Making a plea for additional financial aid for hill and upland sheep producers, the FUW says that because of the severe weather last winter and the slow spring, feed costs rose from around £2 to £7 per ewe, the lambing percentage was down by as much as 30 per cent in some places, reared lambs were 2 to 4 kilos lighter than normal and took longer to finish, the quantity and quality of wool was adversely affected, and market prices this autumn were well down.

The 50p supplementary allowance already announced by the Ministry of Agriculture has not been sufficient recompense for a sector which contributes around 16 per cent of the gross national product of Welsh agriculture, it said.

Increased U.S. oilseed stocks forecast

WASHINGTON — U.S. oilseed stocks are expected to increase in 1979-80 unless southern hemisphere nations, especially Brazil, have a poor crop next year, said J. Dawson Ahalt, chairman of the U.S. Agriculture Department's World Food and Agricultural Outlook and Situation Board.

Speaking at a food marketing institute meeting, Mr. Ahalt said production of oilseeds would substantially exceed requirements.

He said greater price strength may exist for oils than for meal, especially if India is forced to import large amounts of vegetable oils because of monsoon season damage to its groundnut crop. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply lower on the London Metal Exchange in a nervous, mainly speculative market. In the morning forward material fell from £940 to £925 and then climbed back to £952. A weak Comex opening, on commission house selling, pushed the price from £925-£930 to a day's low of £914, but the price closed on the Kerb at £920. Turnover 14,750 tonnes.

Amalgamated Metal Trading reported that in the morning, cash wirebars traded at £946, three months £936, 35, 34, 36, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 51, 52, 51. Cathodes, cash £937, 38, three months £939, 40. Kerb: Wirebars, three months £951, 50, 47, 46, 45, 44, 43. Afternoon: Wirebars, three months £920, 24, 25, 26, 26.5, 18, 15, 12, 15, 16, 17, 16, 15, 14. Cathodes, cash £900, three months £900. Kerb: Wirebars, three months £919, 18, 17, 16, 17, 19, 20, 22, 20, 21, 22, 21.5, 22, 21, 20.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	945-7	—32.5	905-7	—45
months	951-2	—33.5	914-5	—45
Settlem't	947	—32	—	......
Cathodes				......
Cash	938-40	—28	898-900	—44.5
months	939-40	—25	897-9	—45
Settlem't	940	—28	—	......
U.S. Prod	—	......	*96-105	......

TIN—Erratic against a background of concern about *U.S. Congress moves on* releases of metal from the stockpile. Forward metal started at £7,300 in good volume but then turned easier, and, helped by nervous selling, fell to a low of £7,120. But there was an acute shortage of cash metal and this helped bring the forward price up to a close of £7,180 on the Kerb. Turnover 1,250 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7720-40	+102	7650-700	+5
3 months	7300-35	+105	7150-80	—120
Settlem't	7740	+110	—	......
Standard				
Cash	7720-40	+102	7650-700	+5
3 months	7300-35	+112	7150-70	—120
Settlem't	7740	+110	—	......
Straits. E.	$2026	+25	—	......
NewYork	—	......	—	......

Morning, Standard, cash £7,750, 20, three months £7,310, 7,300, 7,280, 70, 80, 90, 7,310. Kerb: Standard, three months £7,270. Afternoon: Standard, three months £7,280, 50, 40, 20, 7,200, 210, 7,190, 7,200, 7,180, 50, 30, 20, 30, 70, 60. Kerb: Standard, cash £7,800, three months £7,160, 50.

LEAD—Lost ground with the forward price coming under early pressure from the fall in copper. After starting at £816, it went down to £813 but rallied to £821 on short covering and light fresh buying. Thereafter the trend was downwards. There was long liquidation. Cash metal was more freely available. Influenced by copper, the forward price touched £605 before closing on the Kerb at £609. Turnover 9,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	624-.4	—16	615-8	—27.5
3 months	616-.5	—17	606-.6	—18.2
S'ment	624	—18	—	......
U.S. Spot	......	......	*58-65	......

Morning: cash £625, 24, three months £616, 15, 14, 12, 21, 20, 18, 19, 19.5, 18, 17, 15, 13, 14, 15. Kerb: cash £626, three months £614, 13, 12. Afternoon: three months £624, 25, 23, 24, 23, 22, 21, 22. Kerb: three months £607, 6, 7, 8, 11, 10.

ZINC—Easier, following copper and lead. After starting at £329-£330, forward metal met long liquidation, stop-loss and trade selling. It moved throughout the day and closed on the Kerb at £321. Turnover 3,250 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	314-.5	—17.5	318-.5	—15
3 months	324.5-5.5	—17.5	323-.5	—14.7
S'ment	316	—17	—	......
Prim'wsts	—	......	*37	......

Morning: cash £316, three months £329, 28, 25. Kerb: three months £326. Afternoon: three months £324, 25, 23, 23, 24, 23, 21, 22. Kerb: three months £320, 21, 22.

ALUMINIUM—Lower, following the general pattern. Forward metal remained between £760 and £763 during the morning but then fell to £753 before recovering. The tightness of nearby supplies remained. The close on the Kerb was £758. Turnover 4,000 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	810-4	—3	805-10	—3
3 months	763-4	—9	757-8	—8

Morning: cash £810, three months £762, 60, 59, 58, 60, 59, 60, 62, 64. Kerb: cash £806. Afternoon: three months £755, 60, 59, 58, 59, 60, 59. Kerb: three months £754, 53, 54, 58, 60, 58.

NICKEL—Traded quietly as forward metal held initially between £2,770 and £2,790, then slipped down and rallied to close in the Rings at £2,755. It was unquoted on the late Kerb. Turnover 174 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2750-40	+40	2710-30	—20
3 months	2770-90	+45	2750-60	—20

Morning: cash £2,730. Kerb: three months £2,770. Afternoon: three months £2,755.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 12.8p an ounce lower for spot delivery in the London bullion market yesterday at 810.20p. U.S. cent equivalents of the fixing levels were: Spot 1,746.4c, down 27.8c; three-month 1,791.9c, down 29.8c; six-month 1,816.3c, down 31.1c; and 12-month 1,867.6c, down 25.3c. The metal opened at 800-835p (1,725-1,775c) and closed at 800-825p (1,725-1,775c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	810.20p	—12.8	797.5p	—15
3 months	830.05p	—11.9	819.0p	—18
6 months	841.05p	—13.5	—	......
12months	866.05p	—11.9	—	......

LME—Turnover 159 (122) lots of 10,000 ozs. Morning: Three months 820, 45, 49, 50, 35, 36, 38. Kerbs: Three months 840. Afternoon: Three months 817, 24, 20, 17.5. Kerbs: Untraded.

COCOA

Opening a little firmer than expected, levels traded over a £20 range, closing on a steady note at the highs of the day. There was some industry interest although most trading today was inter-dealer with origins totally withdrawn, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1436-1438	+14	1438-07
March	1447-1448	+9	1450-39
May	1470-1472	+8.5	1475-52
July	1490-1494	+7.5	1495-84
Sep	1515-1519	+9.5	1516-09
Dec	1540-1545	+10.5	1542-40
March	1560-1575	+15	—

Sales: 3,774 (3,460) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price Oct. 15: 137.53 (139.87). Indicator prices Oct. 16: 15-day average 145.92 (146.41); 22-day average 145.96 (146.53).

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1788-90	+21.5	1795-72
January	1816-18	+3.5	1827-08
March	1796-97	+16.5	1814-1795
May	1775-78	+18.5	1791-75
July	1764-73	+14.5	1785-65
September	1750-65	+16.5	1770
November	1741-68	+5.0	—

Sales: 10,372 (5,048) lots of 5 tonnes.

ICO Indicator prices for October 15 (U.S. cents per pound): Other Mild Arabicas 207.33 (207.33); Robustas ICA 1976 182.50 (183.25); ICA 1968 182.75 (183.50); Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 200.89 (200.97).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Nov.	94.70	—0.40	91.70	—1.55
Jan.	99.25	—0.40	97.10	—0.65
Mar.	102.90	—0.40	100.45	—0.40
May	105.90	—0.40	103.40	—0.40
Sept.	98.25	—0.10	95.30	—0.15

Business done—Wheat: Nov. 94.95-94.70, Jan. 99.35-99.10, March 102.90-102.70, May 106.05-105.80, Sept. unquoted. Sales: 88 lots of 100 tonnes. Barley: Nov. 92.20-91.75, Jan. 97.45-97.10, March 100.90-100.50, May 103.90-103.55, Sept. unquoted. Sales: 218 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Other milling wheat: S. East 100.00, W. Midlands 97.60, N. West 96.00. Feed barley: S East 91.30, S. West 92.40, W. Midlands 92.10, N. West 92.00.

The UK Monetary Coefficient for the week beginning Monday, October 22, is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier. With little interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 282 (same) cents a kg (buyer, November).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Nov.	61.50-61.55	61.40-61.45	61.50-61.40
Dec.	62.50-62.60	62.40-62.45	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sep	[illegible]	[illegible]	[illegible]

Sales: 231 (308) at 15 tonnes, 8 (4) at 5 tonnes.

Physical closing prices (buyers) were: Spot 61.00p (60.25p); Nov. 64.25p (64.00p); Dec. 65.00p (same).

SOYABEAN MEAL

The market opened 70p easier following bearish bean stocks of 380 million bushels, reported T. G. Roddick. The market remained steady throughout the rest of the day due to reasonable commercial and trade support.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	116.15-16.5	—0.75	—
December	117.60-17.8	—0.85	118.50-17.60
February	118.80-19.3	—1.20	121.00-19.95
April	[illegible]	[illegible]	[illegible]
June	121.50-22.5	—1.35	—
August	122.00-24.5	—1.25	—

Sales: 106 (131) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £144.00 (£139.00) a tonne cif for Oct.-Nov. shipment. White sugar daily price was £149.00 (£145.00).

Early gains of some £3.50 from overnight levels were short-lived and thereafter the market fluctuated in a range some £2.00 below the highs of the morning. Profit taking in New York extended the decline later with closing prices around the lows of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: 10,060 (8,813) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £218.50 (£211.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for October 15: Daily price 12.40 (11.32); 15-day average 10.86 (10.70).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales). Nov. expired, 151.00-146.50; Dec. 152.25, 160.00, nil, nil; April unquoted; July unquoted, nil, nil; Sept. 163.00, 168.00, nil, nil; Nov. 169.50, 171.00, nil, nil; Feb. 174.00, 176.00, nil, nil.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 240 tonnes, bringing the total for the week so far to 427 tonnes. Mixed dealings resulted in an uneven turnover but users wanted specific supplies of African and Middle Eastern growths.

JUTE

JUTE—Oct., Nov. c. and f. Dundee: BWC [illegible], BWD [illegible], BTC £231, BTD £200, c. and f. Antwerp Oct.-Nov.: [illegible] BWC [illegible], BWD [illegible], BTB [illegible], BTC [illegible], BTD [illegible]. Jute goods: Oct. c. and f. Dundee: 40-in 10-oz £18.31, 40-in 7.5-oz £12.80. "B" twills £37.13.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron contract: Oct. 430.0, 444.0, 455.0-445.0, 15; Dec. 451.0, 453.0, 453.5-437.0, 122; March 452.0, 455.0, 473.0-460.0, 415; May 455.0, 456.0, 474.0-460.0, 754; July 459.0, 460.0, 473.5-462.0, 47; Oct. 460.0, 463.0, 472.0-460.0, 53; Dec. 461.5, 463.0, 472.5-460.0, 37; March 462.0, 464.0, 471.0-463.0, 24. Sales: 1,015.

LONDON GREASY WOOL—Close (in order buyer, seller only). Oct. 232.0, unquoted; Dec. 215.0, 238.0; March/May/July/Dec./March/May [illegible].

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0. Eire hindquarters 68.0 to 72.0, forequarters 42.0 to 44.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 48.0 to 54.0, medium 48.0 to 51.0, heavy 40.0 to 46.0; Scottish medium 46.0 to 52.0, heavy 42.0 to 48.0. Imported frozen: NZ PL 51.0 to 52.0. Pork: English, under 100 lb 44.0 to 48.0, 100-120 lb 42.0 to 48.0, 120-160 lb 39.5 to 46.0. Hares: English (large) each 170.0 to 200.0. Partridges: Young each 170.0 to 240.0. Pheasants: Best per brace 360.0 to 460.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 16. GB cattle 74.35p per kg l.w. (+0.08). UK sheep 115.6p per kg est.d.c.w. (−8.1). GB pigs 69.0p per kg l.w. (−2.5). England and Wales: Cattle numbers up 0.1 per cent, average price 73.64p (+0.20). Sheep numbers down 9.8 per cent, average price 115.3p (−6.4). Pig numbers up 25.8 per cent, average price 69.0p (−2.5). Scotland: Cattle numbers down 13.3 per cent, average price 76.31p (+0.06). Sheep numbers down 9.0 per cent, average price 116.5p (−5.1). Pig numbers up 3.8 per cent, average price 69.0p (−0.3).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Satsumas—Spanish: Trays 105/189's 5.00-5.30. Oranges—S. African: Valencias 4.00-5.30; Brazilian: 4.20-5.50. Lemons—Italian: 100/150's 6.00; Cyprus: 5.00-6.00; Turkish: 100/120's 5.40; S. African: 4.20-7.60. Grapefruit—Cyprus: 4.30-5.20; Jaffa: 4.05-5.10. Apples—French: Golden Delicious, boxes 40-lb 138/175 3.00-4.00; 20-lb 1.50-2.30; jumble pack, 31-lb 2.00-2.60; Granny Smith 20-lb 2.50-3.20; Hungarian: Starking 40-lb 138's 5.00. [illegible]

English produce: Potatoes—Per bag 1.40-2.40. Lettuce—Per 12 round 0.80-1.40, Cos 1.20, Webb's 1.20. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley 0.05-0.10, [illegible]. Tomatoes—Per 12-lb 1.20-1.80. Cucumbers—Trays 8/10/12's 2.60-2.80. Cauliflowers—12's Lincoln 1.00-1.20, Kent 1.30-1.50. Celery—Boxes, naked 12, 18's 1.00-1.20. Onions—Per bag 2.00-2.40, [illegible]. Beetroot—Per bag 0.70-0.80. Capsicums—Per pound 0.25. Swedes—Per 28/28-lb 0.60-0.70. Stick beans—Per pound 0.15-0.18. Sprouts—Per pound 0.08-0.10. [illegible] Strawberries—Per half-pound 0.30-0.40.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 16 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (cts)	$1650/1650	−40	$1568/80
Copper			
Cash w'bar	£906	−45	£929.5
3 mths	£914.5	−45	£924.5
Cash Cathode	£899	−45	£906.5
3 mths	£898	−45	£907.5
Gold troy oz	[illegible]	[illegible]	$353.625
Lead cash	£616.5	−27.5	£513.5
3 mths	£605.5	[illegible]	£516.75
Nickel	[illegible]	......	£2,959
Free mkt (c lb)	[illegible]	......	250/280c
Platin'm tr'y oz	£181.0	......	£172.5
Free mkt	[illegible]	[illegible]	£199.60
Quicksilver	[illegible]	......	[illegible]
Silver troy oz	810.20p	−12.8	628.65p
3 mths	830.05p	−11.9	646.10p
Tin cash	£7,675	+5	£6,970
3 mths	£7,160	−120	£6,962.5
Tungsten	[illegible]	......	$139.98
Wolfrm 22.04 cif	[illegible]	......	$144/148
Zinc cash	£322.5	−15	£333.25
3 mths	£323.5	−14.75	£343.75
Producers	$780	......	$780
Oils			
Coconut (Phil)	[illegible]	+15	$940
Groundnut	......	......	......
Linseed Crude	£405	......	£430
Palm Malayan	[illegible]	−10	$542.5
Seeds			
Copra Philip	[illegible]	......	$625
Soyabean (U.S.)	$278	−5	$301.15
Grains			
Barley Futures	£97.10	−0.65	£93.45
Maize			
French No3 Am	......	......	£110.50
Wheat			
No. 1 Red Spg	......	......	......
No2 Hard Wint	[illegible]	......	[illegible]
Eng. Milling	......	......	£95.0
Other commodities			
Cocoa ship't	£1,523	+4.5	£1,614
Future Mar	£1,447.5	+9.0	£1,528
Coffee Ft'r Jan	£1,817	+9	£1,819.5
Cotton A Index	[illegible]	......	[illegible]
Rubber (kilo)	61.00p	......	[illegible]
Sugar (Raw)	£144.0	+5	[illegible]
Wooltp's 64s kl	[illegible]	......	[illegible]

* Nominal. † New crop. ‡ Unquoted. p Oct.-Nov. q Nov. r Nov.-Dec. s Dec. t Jan. z Indicator. $ Buyer.

AMERICAN MARKETS

NEW YORK, October 16.

HEAVY SELLING in gold in anticipation of heavier future offerings by the U.S. Treasury depressed both gold and silver futures to limit or near-limit down. Copper was almost limit down on rumours of further advances in the prime rate as the trade liquidated its inventory positions. Cocoa was moderately lower on trade hedging and Commission House selling. Sugar continued its advance on short-covering following rumours of further Chinese purchases. Cotton recovered smartly on trade buying resulting from upward revisions of U.S. export figures. Grains and soyabeans declined moderately on further commercial hedging. The livestock markets rallied as indications grew that cash markets were close to bottoming out. Coffee closed higher as producers supported the market, Heinold reported.

Copper—Oct. 85.00 (89.50), Nov 85.50 (90.30), Dec. 86.70, Jan. 87.30, March 88.05-88.50, May 88.50-88.80, July 89.20, Sept. 89.50, Dec. 90.50, Jan. 90.20, March 90.60, May 91.00, July 91.40, Sept. unquoted.

*Gold—Oct. 387.60 (398.30), Nov. 390.60 (401.50), Dec 394.50-397.00, Feb 406.00, April 413.90, June 422.70, Aug. 432.00, Oct. 439.60, Dec. 447.70, Feb. 455.60, April 463.50, June 467.70, Aug. 479.30.

*Platinum—Oct. 494.00 (500.20), Nov. unquoted, Dec. unquoted, Jan. 493.00-497.00, April 497.20, July 502.50, Oct 507.00, Jan. 511.00, April unquoted. Sales: 2,100.

Potatoes (round whites)—Nov 61.18 (61.0), March 70.5 (77.3), April 91.4, *May 101.1. Sales: 246.*

¶Silver—Oct 1680.0-1690.0 (1743.5), Nov. 1722.0 (1762.0), Dec 1742.0, Jan 1756.0, March 1790.0, May 1806.5, July 1823.0, Sept. 1839.5, Dec. 1863.5, Jan. 1871.5, March 1887.0, May 1902.5, July 1918.0, Sept. unquoted. Handy and Harman bullion spot 1720.00 (1757.10).

Tin—784.00-785.00 asked (794.00-795.00).

CHICAGO, October 16.

Lard—Chicago loose 24.50 (same). New York prime steam 26.00 (same).

Live Cattle—Oct. 63.15-63.00 (62.45-63.07), Dec. 67.85-67.70 (66.55-67.77), Jan. 68.80, Feb 68.95, April 69.35-69.25, June 71.10-71.30, Aug. 70.15-69.95, Oct. 66.85, Dec. 71.00. Sales: 23,522.

Live Hogs—Oct. 35.85 (35.00-35.85), Dec 35.75-35.80 (34.50-35.77), Feb 37.65-37.40, April 35.80-35.70, June 39.25-39.40, July 40.50, Aug. 39.85, Oct. 39.20, Dec. 41.60. Sales: 5,607.

‡‡Maize—Dec. 276¾-277½ (276), March 292¾-292 (291¼), May 300-300¾, July 305½-306, Sept 308½, Dec. 311¾.

Pork Bellies—Feb. 43.00-42.70 (42.05-42.85), March 43.05-43.00 (42.05-43.02), May 44.05, July 45.62, Aug. 44.60-44.30. Sales: 5,700.

Silver—Oct 1680.0-1650.0 (1744.2), Nov. 1700.7 (1760.7), Dec 1722.5, Feb. 1615.0, April 1786.0, June 1808.0, Aug. 1922.5, Oct 1838.5, Dec 1854.5, Feb. 1875.0, April 1891.0, June 1907.5, Aug 1934.0, Oct 1955.0, Dec 1971.5, Feb 1988.0, April 2004.5, June 2020.5, Aug 2036.5.

‡Soyabeans—Nov 660-658½ (657½), Jan. 678½-677½ (676¾), March 700½-700, May 720-719, July 736-735, Aug 741½, Sept. 737½, Nov 740.

‖Soyabean Meal — Oct 181.00 (182.50), Dec 185.00-184.80 (183.90), Jan. 187.50-187.30, March 190.80, May 194.50-194.00, July 197.50, Aug 199.00, Sept 199.00-199.50, Oct. 199.00-199.50.

Soyabean Oil—Oct 26.90 (26.72), Dec. 25.85-25.89 (25.80), Jan 25.60-25.50, March 25.60-25.50, May 25.70-25.60, July 25.90-25.80, Aug 25.80-25.85, Sept. 25.90-25.85, Oct. 25.85-25.90, Dec 25.90-26.00.

‡Wheat—Dec 439-440 (433¾), March 453½-455 (449¼), May 459½-461, July 453-454, Sept 464½, Dec 481.

WINNIPEG, October 16. §Barley—Oct. 116.50 (116.50), Dec 116.60 (116.90), March 116.60, May 115.40, July 115.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 16.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Oct. $203, Nov. $207, Dec. $207, Jan. $209, Feb. $211, March $213. U.S. No. 2 Red Winter, Oct. $183, Dec. $192. U.S. No. 2 Northern Spring, 14 per cent, Oct. $198, Nov. $201, Dec. $211, Jan. $217.

Soyameal—44 per cent protein U.S., Nov.-March $241.50, April-Sept. $244.50 traded, afloat Oct. $234, Nov. $236, Dec. $240, Nov.-March $241.50, April-Sept. $246 sellers. Brazil Pellets afloat $245, Oct. $245, Nov. $250, April-Sept. $250.

Soyabeans—U.S. Two Yellow Gulfports afloat $277, Nov. $269.75, Jan. $282.50-$283, Feb. $289.75, March $291.25-292, May $298 traded, afloat $278.50, Oct. $271.50, Nov. $270.50, Dec. $278, Jan. $283.50, Feb. $290, March $292, April $298.50, May $298.75, June $303.50, July $303.75, Aug. $305, Sept. $305, Oct.-Dec. $302.50, Dec. $298.50 sellers. Brazil Yellow Fac unquoted. Argentine afloat $277.50, June $292, July $292.

PARIS, October 16.

Cocoa (FFr per 100 kilos)—Dec. 1300-1309, March 1295-1300, May 1300-1315, July 1300, Sept. 1310, Dec. 1320. Sales at call: 6.

Sugar (FFr per 100 kilos)—Nov. expired, Dec. 1330-1385, March 1424-1425, May 1450-1455, July 1480-1480, Aug. 1500-1520, Oct. 1520-1540, Nov. 1520-1550, Dec. 1540-1555. Sales at call, 33.

INDICES

FINANCIAL TIMES

Oct. 15	Oct. 12	M'nth ago	Year ago
296.92	299.80	293.22	264.00

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Oct. 15	Oct. 12	Month ago	Year ago
Spot	405.76	412.98	407.32	382.16
F'tur's	412.53	415.19	414.89	382.80

(Average 1924-25-26=100)

MOODY'S

Oct. 16	Oct. 15	M'nth ago	Year ago
1164.3	1171.5	1126.6	975.5

(December 31, 1931=100)

REUTERS

Oct. 16	Oct. 15	M'nth ago	Year ago
1658.0	1661.6	1621.6	1514.3

(Base: September 18, 1931=100)

Eventful day highlighted by Thorn bid for EMI and upsurge in Oils on Government BP sale details

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sep. 24	Oct. 4	Oct. 5	Oct. 15
Oct. 8	Oct. 18	Oct. 19	Oct. 29
Oct. 22	Nov. 1	Nov. 2	Nov. 12

* "New time" dealings may take place from 9.30 am two business days earlier.

Despite another overall subdued performance, equity markets were enlivened yesterday by several special situations. *The chief event was* **Thorn Electrical's** surprise share exchange offer for **EMI** which rose sharply to 132p before settling a net 32 higher at 127p. The *former, however, reacted* violently to close 38 down at 372p on the prospect of a dilution of its equity capital, if the bid succeeds.

The tone at the outset in the equity sectors was unsettled by persisting rumours that details of the proposed **British Petroleum** sale were imminent, by *enrvousness ahead of the Sep*tember trade figures and by reports that Midland Bank was in the throes of placing its 16 per cent holding in Standard Chartered Bank with various institutions.

Confirmation of the Government's intention to raise funds in the region of £200m-£300m by *selling only 5 per cent of its* holding in BP, a lower percentage than the market was expecting, was made well after market hours.

*Meanwhile, sentiment in lead*ing equities was helped by the Thorn bid for EMI and by hopes that the Standard Chartered share placing would soon be completed; late last night is was suggested that over 70 per cent of the stake had been placed. As a result, a recovery in values got underway. Announcement of the September trade returns had little impact on sentiment and the FT 30-share index, which registered a loss of 4.7 at noon, gradually rallied to close 4.5 up on the day at 472.5. However, the sharp rise in EMI accounted for virtually all of the day's gain.

Among the sectors, Stores turned distinctly dull following disappointment with the half-yearly figures from **Marks and Spencer**, but Oil shares contrasted with a late upsurge and **BP** closed 30 higher at 362p, on relief about the size of the proposed Government sale.

Gilt-edged securities were generally firm with the accent on short-dated stocks. These began quite confidently and went ahead to close a maximum of 1/16 higher, heartened by the fact that the BP sale would have much less of an impact than originally anticipated on funds available for investment. The longs were ½ easier initially, but rallied on a revived small investment demand, plus the effects of a bear squeeze, to close ⅛ higher.

Although business in investment currency improved, orders were evenly matched and caused little variation in the premium which, after easing to 31¼ per cent, reverted finally to the overnight rate of 32 per cent. Yesterday's SE conversion factor was 0.9180 (0.9131).

Traded options were featured by **EMI** which recorded 553 *trades out of a total of 1,275* following the surprise share exchange offer from Thorn. Other active issues included **Cons. Gold Fields**, 143, and **Grand Met.**, 109.

Stan. Chartered fall

Well founded reports that **Midland** were in the course of placing its 16 per cent stake (nearly 11m shares) in **Standard Chartered** with various institutions at a price of around 470p per share, prompted a fall of 16 in Standard to 482p; Midland eased *to 352p before closing* a net 5 off at 355p. Elsewhere, **Lloyds**, which announced a 40 per cent increase in personal bank charges on Monday, closed 7 down at 305p, while **Barclays** dipped 10 to 440p and **NatWest** cheapened 7 to 345p. **Bank of Scotland** declined 10 to 278p. The absence of support and sporadic nervous offerings left **Hambros** with a closing fall of 18 at 325p, while **Gerrard and National**, 244p, and **Union**, 342p, lost 10 apiece among Discounts.

Falls in Composite Insurances ranged to 10 with **Sun Alliance** down that much at 540p. **General Accident**, 226p, **GRE**, 240p, and **London United**, 150p, all relinquished 6.

Breweries remained subdued, most issues closing with modest falls although a firmer bias was noted in later trading. **Allied** hardened a fraction to 96½p, after 95p, **Davenports** were again dull on profit-taking and fell afresh to 131p before recovering to 134p for a net loss of 4. **Distillers** also finished lower, **Highland** reacted 4 to 97p, awaiting the preliminary results due on Monday, while Distillers eased 2 more to 221p on further reflection of the current whisky dispute.

Although Building descriptions traded on a distinctly easier note, business improved, *especially* in the Timber sector. **Magnet and Southerns** touched 162p before settling 3 cheaper on balance at 158p, while **Mallinson-Denny** *eased 2½ on profit-taking* to 59½p. Among Contracting and Construction issues, **Newarthill** dipped 12 to 220p on a withdrawal of speculative support, but **Ben Bailey** *put on 5 to 21p* in response to the excellent annual results. **Burnett and Hallamshire** shed 15 to 495p in a thin market and **Brown and Jackson** *eased 5 to 225p*, while **Redland** declined 3 to 192p. Cements displayed contrasting features in **Rugby Portland**, which firmed 4 to 67p, after 68p, *on second-thoughts about the* half-yearly results, and **Aberthaw**, down 4 at 116p on the interim loss. Elsewhere, better-than-expected annual profits *prompted a gain of 4 to 91p in* **Walter Lawrence**, but **Manders** fell that much to 178p on profit-taking.

ICI touched 354p before steadying *and eventually closing a* penny better on balance at 350p. **Fisons**, however, eased 4 to 251p and speculative favourite **Brent** slipped 8 to 255p owing to persistent small selling.

Marks & Spencer lower

First-half profits from **Marks and Spencer** some £2m below the most forecasts exacerbated early dullness in the Store majors. M and S fell away on the poor figures to touch 97p before rallying late to finish only a penny easier at 100p. **British Home**, however, expressed nervousness about its own interim prospects when the group report today and closed 7 down at 241p. **Gussies A** gave up 6 to 392p and **Raybeck** fell 4 to 99p as did **Burton A** to 284p, while **House of Fraser** cheapened 3 to 132p and **Woolworth** lost 2 to 73½p. Elsewhere, secondary stocks were featured by a sharp fall of 18 to 126p in **Grattan Warehouses** on acute disappointment with the interim results and, the accompanying denial of recent bid rumours by the chairman. **Empire** declined 6 to 180p in *sympathy*. **Peters** gave up 5 to 62p on nervous offerings ahead of Friday's annual results. **B and Q Retail** dipped 4 to 95p and **Harris Queensway** reacted 6 to 336p. *Time Products eased a* penny to 79p following the half-yearly results.

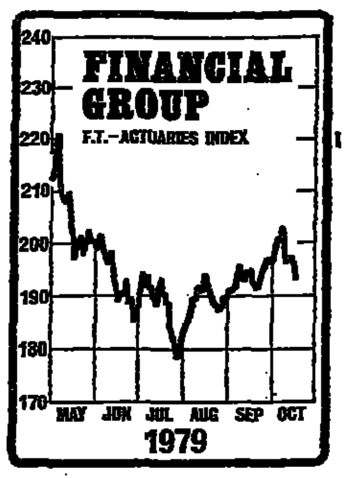
Shoes moved lower in thin trading. **Strong and Fisher**, at 88p, gave up 2 of the previous day's rise of 6 which followed the good preliminary results. **Stylo** declined 5 more to 225p.

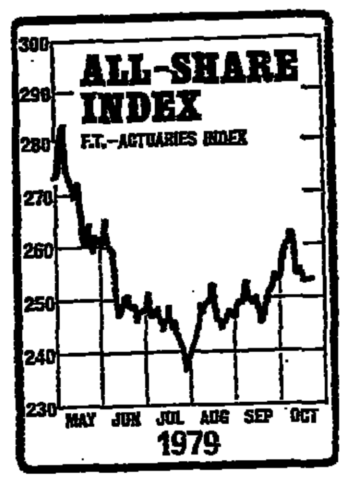
Thorn's surprise bid for **EMI** highlighted the Electrical sector. EMI touched 132p on news of the share-exchange terms before closing 32 higher on balance at 127p, *while* **Thorn** *moved in the* opposite direction and closed 38 lower at 372p, making the bid currently worth around 130p per share. Other recent speculative high-fliers within the sector fell away sharply and falls of 18 and 10 respectively were recorded in **Electrocomponents**, 465p, and **Unitech**, 226p. **Farnell** lost 8 to 254p and **Electronic Rentals** dipped a like amount to 129p. Still disappointed by **Tyco Laboratories** acquisition of only a 9.7 per cent stake in the company, **Muirhead** declined 10 further to 250p, while **Kode International** gave up 7 to 240p in reaction to the board's comments in the interim statement that second-half prospects are being affected by external industrial disputes. By way of contrast, **Decca** became excited by the EMI development and closed 10 to the good at 365p with the A a few pence better at 310p.

Engineers trended easier on scattered offerings and lack of support. Some leaders tended to rally slightly in the very late dealings, but final quotations were a few pence easier on balance. Elsewhere, **Spirax-Sarco** fell 6 to 180p on the interim figures. **English Card Clothing** gave up 9 at 120p and **Carlco** reacted 6 to 86p in sympathy. Renewed selling left **Stavely** 4 cheaper at 228, while **Renold** closed 3 cheaper at 95p and **600 Group** a similar amount down at 64p.

With the exception of **J. Sainsbury** which shed 4 to 306p, leading *Foods generally recovered* early falls to close with little alteration on balance. **Brooke Bond** finished a fraction easier at 44½p awaiting tomorrow's preliminary statement. Elsewhere, bid favourites gave ground on a withdrawal of speculative support and **Bernard Matthews** shed 8 to 335p and **Hillards** 7 to 193p. **Morgan Edwards** came on offer and relinquished 5 to 85p, while **Robertson** eased 3 to 152p.

News that **Grand Metropolitan** *had sold its holdings of both A* and B shares in **Savoy** to **Rothschild Investment Trust** for £8.66m prompted a gain of 12 to 107p in Savoy A; **Grand Metropolitan** hardened 2 to 150p. Elsewhere, **Ladbroke** and **Trusthouse Forte** eased 2 apiece to 178p and 155p respectively.





A late improvement in the miscellaneous industrial leaders following the BP statement left the closing trend narrowly mixed. **Glaxo** recovered from 450p to finish a net 2 better at 455p, while **Bowater** closed 3 to the good at 175p and **Beecham** *2* harder at 152p. **Boots**, however, were affected by Marks and Spencer's poor interim performance *and closed 3 down* at 181p, after 180p. Elsewhere, **William Baird** became a firm counter at 163p, up 7, following the favourable first-half figures and **Johnson Matthey** improved 3 to 213p on Press comment. Further consideration of the interim results left **Brook Street Bureau** down 4 at 82p, while recent speculative favourite **Wilkinson Match** gave up 7 to 161p on the absence of bid developments. **Office and Electronic** declined 6 to 224p for a similar reason. Falls of a like amount were seen in **Cape Industries**, 232p, **Diploma Investments**, 376p, and **Sharna Ware**, 193p.

In Leisures, **Photax (London)** firmed 2 to 62p in response to the good interim results. Elsewhere, **Management Agency and Music** slipped 3 for a two-day fall of 8 to 153p and **Hawley Leisure** eased 2 to 48½p. A particularly dull market of late on the poor half-yearly profit performance, **Barr and Wallace Arnold Trust A** shed 3 more to 122p.

Motor Distributors again displayed an easier appearance in *a quiet business.* Dealings in **Dutton-Forshaw** were suspended at 76½p pending an announcement from the company concerning the recent bid approach. **T. C. Harrison** eased a couple of pence to 74p ahead of today's mid-term statement, while recent takeover favourite **Caffyns** dipped 3 to 135p. **Appleyard** gave up 3 at 75p and **Lex Service** fell 1½ to 99½p. Components were similarly easier, **Lucas** relinquishing 3 to 232p; the annual results are expected on November 5. **Zenith** continued to reflect the first-half pre-tax loss, falling 3 more for a two-day loss of 6 at 72p.

Recent activity in Newspapers faded. **BPM** recovered 2 more at 96p, but continuing uncertainty *over a settlement to the ITV* dispute left **Gordon and Gotch** 5 lower at 95p, while **Oxley Printing** gave up 3 to 55p following the reduced interim profits.

Properties attracted a fair two-way business after the previous day's decline and the leaders, after absorbing early selling, often closed with modest gains *on balance.* **Land Securities**, 301p, and **MEPC**, 187p, both finished a couple of pence firmer, while **Hammerson A** picked up 5 to 920p and **Great Portland** hardened a penny *to 224p.* Secondary issues were featured by a late speculative flurry in **Bernard Sunley** which rose 19 to 582p awaiting the bid terms from **Eagle Star**, *a penny cheaper at* 162p. By contrast, **Berkeley Hambro** shed 4 to 202p on consideration of the half-yearly profits, and **Greycoat**, at 118p, *gave up all of the previous day's* gain of 3 which stemmed from favourable Press comment. Other speculative counters to give ground included **Clarke Nickolls**, *6 lower at 110p and* **Imry**, which slipped 5 to 622p.

Oils up late

The after-hours' announcement that the Government intends to sell only 5 per cent of it holding in **British Petroleum** promped a hefty mark-up and considerable activity in the Oil sector. **British Petroleum**, unchanged ahead of the announcement, were traded progressively higher and finished 30 to the good at 362p, while **Shell** advanced 14 to 360p. Speculative counter **Oil Exploration**, in receipt of a bid approach, put on 30 to 508p, while **Tricentrol** gained 10 to 252p and **Lasmo** 12 to 292p. **Ultramar** rose 14 to 364p and **Siebens U.K.** firmed 6 to 280p.

Among Overseas Traders, **S. and W. Berisford** remained on offer, ending 6 lower at 186p for a two-day fall of 14, while **Steel Brothers** declined 5 to 163p following the reduced interim profits. **Tozer, Kemsley**, however, hardened a penny to 70p in front of next Tuesday's mid-term statement.

Reflecting the easier trend in equities, Trusts remained dull and closed with modest losses. **Dualvest Capital** gave up 6 at 252p, while **Triplevest Capital** eased 4 to 168p.

Mid-term profits from **Furness Withy** below market estimates led to a useful turnover at lower price levels and the shares closed 16 down at 244p; subsidiary, **Manchester Liners**, gave up 10 to 220p in a thin market after equally dismal first-half results. In sharp contrast, **Graig** jumped 75 to 675p in a narrow market following the revived speculative demand.

Easier Financials

As different pressures crowded in on London Financials, prices eased. The early fall in the *copper price helped push* **Rio Tinto-Zinc** lower and considerable amounts of stocks were available from London sources. The shares finished 9 lower at 299p.

Consolidated Gold Fields met with early demand from Johannesburg and maintained the firmness of Monday but then profit-taking emerged and the price slipped to 283 before closing unchanged at 285p. **Selection Trust** lost 12 to 534p *on nervousness about what might* happen to the holding held by **Charter Consolidated**.

Following the reconstruction of their investment interests, **Charter**, **Minorco** and **ZCI** return to the market today and it is thought that Charter shares may well start trading at a premium on their suspension price of 174p.

Uncertainty about the financial burdens being shouldered by **Anglo American** and **De Beers** as a result of the reconstruction induced some easiness and the shares were respectively 10 lower at 455p and 7 lower at 400p.

But the whole of the South *African Financial section* was uncertain in front of yesterday evening's U.S. Treasury auction and trading was subdued.

The same factor restricted trading in South African Golds and the market was apprehensive about rumours circulating of a possible change in U.S. auction policy. But the relatively narrow movements of the bullion price, at least until the afternoon, helped to hold prices steady. Bullion closed $9 lower at $391.50. There was little selling and the list of prices was mixed with **Welkom** 23 higher at 389p and the **Western Areas** ½ lower at £27½.

The Gold Mines Index was 222.8, up 1.7, and the ex-premium index was up 1.7 at 204.5.

Australians were more active by comparison, but the flatness *of the overnight Sydney market* and the slight easiness of the investment dollar premium meant that small falls were common. **MIM**, despite the surge *in first quarter profits, were 3* lower at 174p and **Western Mining** were the same lower at 183p. **Conzinc Riotinto** and **North Broken Hill** were both 7 down at 198p and 148p respectively.

FINANCIAL TIMES STOCK INDICES

	Oct. 16	Oct. 15	Oct. 12	Oct. 11	Oct. 10	Oct. 9	A year ago
Government Secs.	71.07	70.88	71.30	71.06	70.70	71.57	69.04
Fixed Interest	71.76	71.78	71.98	71.95	71.96	72.36	70.86
Industrial	472.5	468.0	475.0	471.9	472.0	482.9	498.5
Gold Mines	222.8	221.1	219.4	224.9	237.1	236.3	155.5
Gold Mines(Ex-$ pm)	204.5	201.9	196.2	204.3	213.6	210.8	114.6
Ord. Div. Yield	7.12	7.19	7.09	7.12	7.09	6.95	5.41
Earnings Yld. % (full)	17.35	17.51	17.26	17.34	17.27	16.88	15.01
P/E Ratio (net) (*)	7.13	7.06	7.16	7.13	7.16	7.33	8.81
Total bargains	16,633	16,150	15,572	16,467	19,190	21,208	—
Equity turnover £m	—	72.73	76.59	89.58	106.10	132.96	69.81
Equity bargains total	—	12,223	11,181	13,445	12,110	17,399	14,998

10 am 464.8. 11 am 463.8. Noon 463.3. 1 pm 467.9.
2 pm 468.2. 3 pm 468.5.
Latest Index 01-246 8026.
*Nil = 6.83.

Base 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex$pm)	226.8 (2/10)	95.2 (12/1)	337.1 (6/4/74)	54.3 (25/6/78)

S.E. ACTIVITY

	Oct. 16	Oct. 15
—Daily		
Gilt Edged	100.1	119.9
Industrials	141.6	114.0
Speculative	37.6	35.0
Totals	88.3	75.6
5-d'y A'vr'ge		
Gilt Edged	121.2	127.0
Industrials	135.6	136.7
Speculative	51.1	53.6
Totals	89.9	92.2

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	325	14	13	35	10	44	—	335p
BP	350	1	—	23	18	30	—	"
BP	375	¼	—	14	9	20	2	"
Com. Union	130	7	—	17	1	20	—	136p
Com. Union	140	½	26	11	10	16	—	"
Com. Union	160	½	—	5	1	8	—	"
Com. Union	180	¼	—	1	—	—	—	"
Cons. Gold	220	64	—	64	5	70	—	284p
Cons. Gold	240	44	—	46	25	51	7	"
Cons. Gold	260	24	15	27	9	37	7	"
Cons. Gold	280	5	40	12	12	27	30	"
Courtaulds	80	10	—	12	2	14	—	88p
Courtaulds	90	1½	21	6½	1	10	1	"
Courtaulds	100	¼	10	3	20	—	—	"
Courtaulds	110	¼	—	1½	—	—	—	"
GEC	330	36	1	55	—	67	—	364p
GEC	360	6	12	32	2	48	2	"
GEC	390	½	19	17	16	32	—	"
GEC	420	¼	20	9	22	21	—	"
Grand Met.	118	32	1	—	—	—	—	149p
Grand Met.	128	22	1	27	—	—	—	"
Grand Met.	130	—	—	—	—	32	11	"
Grand Met.	138	12	15	19	25	—	—	"
Grand Met.	158	¼	61	7½	45	—	—	"
Grand Met.	178	¼	4	3	—	13	—	"
ICI	330	28	12	40	25	47	—	357p
ICI	360	1	11	17	57	27	—	"
Land Secs.	280	20	13	34	5	46	—	"
Land Secs.	300	1½	2	22	—	24	9	"
Land Secs.	330	¼	15	9	5	20	10	"
Marks & Sp.	90	11	2	—	—	—	—	100p
Marks & Sp.	100	1½	—	6	11	9	10	"
Marks & Sp.	110	¼	—	4½	30	8	20	"
Marks & Sp.	120	¼	—	2	—	5	4	"
Shell	350	8	6	31	—	40	—	360p
Shell	375	1	5	19	2	28	—	"
Shell	400	1	—	9	—	16	—	"
Totals			266		315		102	
		November		February		May		
Boots	180	8	—	16	20	23	—	185p
EMI	90	42	48	47	21	50	20	128p
EMI	100	32	87	37	66	40	—	"
EMI	110	22	31	27	3	—	—	"
EMI	120	16	80	18	66	—	—	"
EMI	130	8	108	—	—	—	—	"
EMI	140	4	6	—	—	—	—	"
Imperial Gp.	100	—	—	1½	4	—	—	85p
RTZ	280	23	—	39	—	55	—	298p
RTZ	300	13	—	25	—	43	2	"
RTZ	330	5	—	17	—	25	2	"
RTZ	360	3	—	—	—	17	—	"
Totals			370		300		24	

EUROPEAN OPTIONS EXCHANGE

Series	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C F.340	—	—	—	—	2	14	F.341
ABN C F.350	—	—	—	—	2	8	"
ABN C F.370	—	—	8	0.70	—	—	"
AKZ C F.25	5	2.50	—	—	—	—	F.27.50
AKZ C F.27.50	36	0.30	45	1.50	50	2.30	"
AKZ C F.30	—	—	35	0.50	20	1.20	"
AKZ C F.32.50	—	—	26	0.20	2	0.60	"
AKZ P F.25	—	—	20	0.50	—	—	"
AKZ P F.27.50	9	1.90	22	2.50	20	1.50	"
AKZ P F.32.50	—	—	27	4.70	—	—	"
ARB C F.70	—	—	—	—	2	1.80	F.69.40
ARB C F.75	—	—	—	—	—	—	"
BS C F.340	—	—	10	4	—	—	"
CSF C F.400	3	25	3	15	1	1.80	F.423
HO C F.40	—	—	—	—	5	1.50	F.38.40
HO C F.42.50	—	—	—	—	5	1.20	"
IBM C $65	—	—	—	—	—	—	$65⅛
IBM C $70	—	—	—	—	—	—	"
IBM C $75	—	—	—	—	—	—	"
KLM C F.90	—	—	175	3.60	60	6.20	F.88
KLM C F.100	—	—	50	1.50	36	3.30	"
KLM C F.110	—	—	20	0.60	15	1.30	"
KLM P F.90	—	—	60	5.80	20	7.50	"
KLM P F.100	11	14.80	122	14.80	—	—	"
KLM P F.100	—	—	8	25.50	—	—	"
NN C F.115	—	—	—	—	2	6.50	F.118.20
NN C F.120	20	0.20	20	4	2	4.50	"
PET C Fr.5000	5	600	—	—	—	—	Fr.5550
PET C Fr.5500	10	0.80	5	380	—	—	"
PHI C F.20	40	0.30	152	1.10	102	1.80	F.22.70
PHI C F.22.50	—	—	—	—	171	0.80	"
PHI C F.25	—	—	—	—	10	0.50	"
PHI P F.22.50	—	—	10	—	—	0.50	"
PHI P F.25.00	6	2.10	40	4.60	—	—	"
PHI P F.27.50	—	—	10	5.60	—	—	"
PSA C F.300	—	—	—	—	1	—	F.291
RD C F.130	6	6.10	65	7.50	15	14.50	F.130.50
RD C F.140	481	1.60	63	4.80	77	7.50	"
RD C F.150	—	—	216	2.20	71	3.50	"
RD C F.160	—	—	13	0.70	4	1.80	"
RD P F.140	—	—	97	6	4	8	"
RD P F.145	69	0.20	21	2.40	148	4.10	"
RD P F.150	787	1.10	97	10.40	227	10	"
RD P F.160	20	0.20	20	7.20	—	—	"
UNI C F.120	—	—	5	—	—	—	F.125
UNI C F.125	—	—	10	1.70	—	—	"
UNI C F.130	—	—	10	—	1	1	"
XRX C $50	—	—	—	—	—	—	$51⅜
XRX C $70	—	—	—	—	—	—	"
	Nov.		Feb.		May		
OXY C $25	16	2	—	—	—	—	$25⅛
SLB C $70	5	3	2	4	—	—	$72¾
SLY C $80	7	6	2	—	—	—	$80

TOTAL VOLUME IN CONTRACTS 4180
C=Call P=Put

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct. 15	Oct. 26	Jan. 24	Feb. 4
Oct. 29	Nov. 9	Feb. 7	Feb. 18
Nov. 12	Nov. 23	Feb. 21	Mar. 3

For rate indications see end of Share Information Service

Options were dealt in P & O Deferred, Cons. Gold Fields, Gulfstream, Inter-City, Shell Transport, Town and City, ICI, Burmah, Howard Machinery, Gough Cooper, London and European, Bambers Stores, Dunlop, Style and Decca A. Puts were completed in Burton A and Town and City, while doubles were arranged in ICI, and Ladbroke Warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
EMI	50p	16	127	+32	144	81
Cons. Gold Fields	25p	8	285	—	290	178
ICI	£1	8	360	+ 1	415	314
RTZ	25p	8	299	− 9	362	226
Grattan W'houses	25p	7	126	−18	145	88
Marks & Spencer	25p	7	100	− 1	134	83
NatWest Bank	£1	7	345	− 7	406	278
Shell Transport	25p	7	360	+14	402	278
Thorn Elect.	25p	7	372	−38	482	334
Beecham	25p	6	152	+ 2	189	130
BP	£1	6	362	+30	384	220½
De Beers Defd.	R0.05	6	400	− 7	482	332
GEC	25p	6	367	− 2	456	311
Land Secs.	50p	6	301	+ 2	323	244
Midland Bank	£1	6	355	− 5	455	340

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (7)

BUILDINGS (1)
Bailey (Ben)
ELECTRICALS (2)
Pifco Do. A
ENGINEERING (2)
Tecalemit Wagon Industrial
OILS (1)
Oil Exploration
OVERSEAS TRADERS (1)
Tozer Kemsley

NEW LOWS (61)

AMERICANS (1)
Cont. Illinois
CANADIANS (1)
Royal Bank of Canada
BANKS (1)
Wells Fargo
BUILDINGS (3)
Jarvis (J.) Southern Cons.
Lovell (Y. J.)
STORES (2)
Blackman & Conrad Ramars
ELECTRICALS (2)
Concord Rotaflex Rank
Philcom
ENGINEERING (26)
A1 Ind. Products Lane (Percy)
Aaron. Stratford Lloyd (F. H.)
Ass. Tooling McKechnie Bros.
Birmid Qualcast Pegler-Hattersley
Blackwood Hodge R.C.F.
Brockhouse Redman Heenan
Broom Spencer (Gears)
Brown (John) Shakespeare (J.)
Burgess Products 600 Group
Capper-Neill Staveley Inds.
Cooper Inds. Vickers
Delta Metal Weir Group
Howard Machinery Williams (W.)
INDUSTRIALS (11)
Airfix Hopkins & Horton
Austin (F.) (Leyton) Pentos Defd.
Ericson Peterson
Caravans Int. Silverthorne
Fisher (J.) Whatman
Hoover A
INSURANCE (1)
Travellers
MOTORS (4)
Associated Eng. M&G Int.
Lucas Inds. Manor Nat. Grp.
TEXTILES (3)
Caird (Dundee) Leeds Dyers
Early (C.) & Marriott Notts. Manfcng.
Foster (J.)
TRUSTS (3)
Authority Inv. Kakuzi
Charterhouse

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	79	3	6
Corpns., Dom. and Foreign Bonds	3	11	51
Industrials	83	553	770
Financial and Prop.	10	286	227
Oils	13	17	19
Plantations	4	4	20
Mines	30	45	46
Others	55	74	72
Totals	217	994	1,211

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
‡‡	F.P.	19/10	108	78	Fogarty (E.) Defd.	78	−4½	—	—	—	—
91	F.P.	—	208	160	Seltrust A. 5p	160	+10	—	—	—	—
11	F.P.	—	12	9½	Stewart Nairn	9½	—	0.15	5.6	2.3	8.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing Price £	+ or −
§91	F.P.	21/9	87	82	Aurora 8½ Conv. Cum. Pref.	85	
100	F.P.	21/9	107p	101p	Bradford Prop. 10½% Cum. Pref.	101p	
100	F.P.	29/11	102¾	101¾	Eastbourne Waterworks 8% Red. Pref.	101¾	
100	F.P.	29/11	101½	99¾	Essex Water 8% Red Pre f. 1984	100	
100	F.P.	23/11	105p	104p	Forminster 10½% Cum. Pref.	105p	
98½	F.P.	16/11	99¾	98	London Trust 13½% Deb. Stk. 2000-04	98	
‡	F.P.	—	78½	68½	Lonrho 9% 2nd Mort. Deb. 87/92	68½	
‡	F.P.	—	90½	85	Do. 13½% 2nd Mort. Deb. 85-90	88½	
‡	F.P.	—	99	91	Do. 13½% 2nd Mort. Deb. 80-85	95	
98½		11/1	29¾	23¾	Mucklow A. & J. 13½% Ist. Mt. Db. 2000-05	23¾	
98½	F.P.	24/8	99	97¼	Scot. Agricultural Sec. 13% Deb. 97-99	98	
100	—	—	105	100p	Startrite Eng. 11% Cum. Pref.	100p	
10p	—	7/9	103p	100p	Stonehill 10½% Cum. Prf.	102p	

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
110	F.P.	4/9	19/10	130	Bank Leumi	130	
30	F.P.	28/9	19/10	28	Beniox	28	
A$4.50	Nil	—	—	320pm	30pm	BH Proprietary	255pm	−10
95	F.P.	—	—	123	106	Francis Ind.	120	
33	F.P.	2/10	2/11	11½	97½	Hepworth Ceramic	103	−5
$81.8	Nil	—	—	80pm	15pm	Kulim	17pm	−2
55	F.P.	28/9	26/10	60	48	Lookers	48	−2
A$5	Nil	—	—	240pm	108pm	Peko-Wallsend	234pm	+8
123	F.P.	—	—	177	120	Seltrust	120	
145	F.P.	13/9	19/10	262	193	Unitech	226	−10
165	Nil	18/10	16/11	15pm	9pm	Wace Group	9pm	
500	Nil	—	—	190pm	90pm	Walter Duncan & Goodricke	90pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Oct. 16, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Oct. 15 Index No.	Fri., Oct. 12 Index No.	Thurs., Oct. 11 Index No.	Wed. Oct. 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	237.10	−0.9	18.25	6.15	7.00	239.29	241.43	241.29	243.34	240.21
2	Building Materials (27)	233.59	−1.1	17.26	5.95	7.50	236.22	237.40	236.34	239.63	208.50
3	Contracting, Construction (28)	372.22	−0.8	25.27	6.49	4.92	375.15	377.32	375.50	381.12	371.01
4	Electricals (15)	604.49	+0.4	13.41	3.84	9.98	602.21	616.68	620.05	624.08	552.52
5	Engineering Contractors (12)	320.49	−1.4	20.93	7.55	5.58	325.05	328.33	328.12	332.71	375.65
6	Mechanical Engineering (74)	160.38	−1.5	21.03	7.36	6.03	162.79	164.17	163.49	164.23	189.32
8	Metals and Metal Forming (16)	158.53	—	20.26	9.49	6.05	158.59	159.40	159.40	160.35	167.64
	CONSUMER GOODS										
11	(DURABLE) (52)	228.57	−3.4	16.17	5.14	7.68	236.52	239.06	237.58	239.99	214.08
12	Lt. Electronics, Radio, TV (15)	323.23	−6.4	12.53	3.86	10.23	338.25	343.13	342.11	345.14	262.58
13	Household Goods (14)	140.46	−1.8	21.38	7.53	5.70	143.07	142.89	142.15	144.35	184.96
14	Motors and Distributors (23)	110.26	−1.0	29.82	7.70	5.03	111.37	111.66	110.81	111.54	128.02
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	235.61	−0.6	16.73	6.03	7.43	237.14	239.86	239.66	239.91	214.14
22	Breweries (14)	291.05	−0.3	15.60	5.26	7.64	291.83	293.74	293.01	293.20	229.45
23	Wines and Spirits (6)	313.94	−1.5	17.68	5.75	7.11	317.45	323.99	323.52	322.96	273.84
24	Entertainment, Catering (17)	322.53	+2.5	15.39	5.75	8.47	314.76	316.35	315.33	322.56	268.14
25	Food Manufacturing (19)	221.68	−0.6	18.76	6.47	6.61	223.06	223.33	223.31	225.62	208.30
26	Food Retailing (15)	332.50	−1.0	12.62	4.13	9.49	335.76	319.65	317.73	320.09	229.12
32	Newspapers, Publishing (12)	426.06	−0.1	22.38	6.84	6.20	426.59	432.13	427.50	435.20	393.01
33	Packaging and Paper (15)	131.32	+0.2	22.48	8.56	5.73	131.11	132.81	133.71	133.99	145.62
34	Stores (41)	230.55	−1.5	12.88	4.58	10.17	233.97	236.63	235.29	235.85	283.33
35	Textiles (23)	154.35	−0.7	23.78	10.14	5.31	155.47	157.25	155.71	155.45	184.44
36	Tobaccos (3)	237.09	−0.7	24.61	8.56	4.77	238.70	240.79	241.27	242.33	262.52
37	Toys and Games (6)	65.46	−1.3	25.48	10.73	5.02	66.31	67.01	65.75	66.03	117.17
41	OTHER GROUPS (99)	208.21	−0.4	15.25	6.28	8.03	209.07	211.15	208.86	210.33	200.67
42	Chemicals (18)	291.33	−0.1	17.37	6.69	6.72	291.61	295.24	291.72	292.76	294.99
44	Pharmaceutical Products (7)	241.23	+1.2	12.02	5.20	10.83	238.27	237.87	237.78	241.22	258.53
45	Office Equipment (6)	120.17	−0.7	16.61	7.01	7.52	121.05	121.36	120.78	121.30	149.82
46	Shipping (10)	464.54	−1.0	11.42	6.80	11.18	469.23	473.33	477.86	473.88	422.47
47	Miscellaneous (58)	245.54	−0.8	16.55	6.23	8.04	248.19	249.87	249.16	249.18	223.65
49	INDUSTRIAL GROUP (494)	236.31	−0.8	16.78	6.05	7.47	238.25	240.56	239.44	241.32	229.55
51	Oils (6)	737.28	+6.6	15.35	6.57	7.01	691.49	711.88	707.73	721.35	538.53
59	500 SHARE INDEX	274.17	+0.5	16.44	6.16	7.37	272.67	276.50	274.99	278.35	250.85
61	FINANCIAL GROUP (116)	193.41	−1.3	—	5.53	—	196.04	197.54	196.75	199.27	164.36
62	Banks (6)	224.69	−2.1	36.79	5.79	3.47	229.53	233.19	232.23	235.96	187.20
63	Discount Houses (10)	244.72	−2.2	—	7.54	—	250.19	249.83	249.71	256.64	215.75
64	Hire Purchase (5)	182.32	−0.7	18.14	4.77	7.06	183.53	183.71	183.64	184.75	153.78
65	Insurance (Life) (10)	161.00	−0.7	—	6.32	—	162.18	162.73	162.49	163.16	136.57
66	Insurance (Composite) (8)	125.38	−1.8	—	7.55	—	127.66	128.57	127.53	129.00	121.12
67	Insurance Brokers (10)	271.96	−1.9	18.35	7.18	7.80	277.12	274.99	274.30	282.88	328.64
68	Merchant Banks (14)	98.43	−1.5	—	5.93	—	99.94	99.93	99.97	101.24	80.57
69	Property (43)	368.07	+0.1	3.30	2.59	44.17	367.56	374.36	374.79	379.75	258.32
70	Miscellaneous (10)	121.93	−2.6	15.58	7.36	8.35	125.16	124.98	124.19	124.44	106.44
71	Investment Trusts (110)	214.22	−1.3	—	5.36	—	217.14	218.43	218.10	220.07	214.56
81	Mining Finance (4)	138.68	−1.5	16.05	6.22	7.57	140.78	139.93	139.78	141.92	118.97
91	Overseas Traders (20)	345.99	−1.5	15.27	7.49	8.00	351.18	350.77	352.96	355.53	322.85
99	ALL-SHARE INDEX (750)	255.03	−0.3	—	6.03	—	255.90	259.04	257.95	259.75	227.89

	FIXED INTEREST PRICE INDICES	Tues., Oct. 16	Day's change %	xd adj. today	xd adj. 1979 to date
	British Government				
1	Under 5 years	104.62	+0.21	—	7.27
2	5-15 years	114.73	+0.30	0.38	8.39
3	Over 15 years	118.95	+0.47	—	12.02
4	Irredeemables	131.87	+0.44	—	9.02
5	All stocks	112.11	+0.34	0.09	9.25

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., Oct. 16	Mon., Oct. 15	Year ago (approx.)
1	Low Coupons	5 years	10.47	10.52	9.72
2		15 years	11.99	11.04	11.23
3		25 years	11.51	11.55	11.89
4	Medium Coupons	5 years	12.56	12.66	12.26
5		15 years	12.55	12.66	12.46
6		25 years	12.54	12.65	12.46
7	High Coupons	5 years	13.00	13.10	12.31
8		15 years	13.10	13.17	13.03
9		25 years	13.09	13.15	13.15
10	Irredeemables		11.31	11.34	11.86

		Tues., Oct. 16 Index No.	Tues., Oct. 16 Yield %	Mon. Oct. 15	Friday Oct. 12	Thur. Oct. 11	Wed. Oct. 10	Tues. Oct. 9	Mon. Oct. 8	Fri. Oct. 5	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	56.95	13.03	57.06	57.11	57.10	57.51	57.50	57.61	57.61	56.66
16	Investment Trust Prefs. (15)	49.74	13.53	49.16	49.26	49.89	50.16	50.61	50.81	50.81	51.84
17	Coml. and Indl. Prefs. (20)	67.66	13.24	67.68	67.79	68.18	68.24	68.59	68.41	68.41	72.00

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	105.7	111.8	+0.2	3.17
Abbey Capital	36.4	38.9	−0.8	5.23
Abbey Income	43.2	46.1	−0.6	8.01
Abbey Inv. Tst. Fund	36.8	39.3	−0.5	5.81
Abbey Gen. Trust	47.2	50.5	−0.6	5.36
Equitas Prog. Trust	71.5	75.4	−1.2	4.93

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	97.1	102.2		12.01

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	73.3	78.4	−1.1	6.12
Brit. Inds. Fund	71.2	76.2	−1.1	5.38
Growth & Income	41.3	44.2	−0.6	5.43
Elect. & Ind. Dev.	37.4	40.0xd	−0.6	5.25
Allied Capital	74.7	79.9xd	−1.2	5.13
Hambro Fund	119.1	127.4	−1.7	5.77
Hambro Acc. Fund	140.1	149.9xd	−2.4	5.37
Income Funds				
High Yield Fd.	72.8	77.9	−0.4	8.78
High Income	69.9	74.8xd	−0.7	7.55
A. H. Eq. Inc.	41.2	44.1	−0.5	7.69
International Funds				
International	25.6	27.4	−0.3	2.93
Pacific Fund	37.7	40.3	−0.1	2.29
Secs. Of America	54.8	58.6	−0.9	2.39
Specialist Funds				
Smaller Co.'s Fd.	50.3	53.8	−0.3	3.90
2nd Smlr. Co's Fd.	60.2	64.4	−0.5	4.04
Recovery Sits.	115.0	123.0	−0.8	5.46

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	50.3	53.7	−0.7	4.74
Do. Accum.	67.5	71.9	−1.0	4.74

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Oct. 11	110.5	112.8xd		5.34
Gross Inc. Oct. 11	78.6	81.0		9.63
High Yield Oct. 11	89.0	90.8		9.47

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	108.3	115.2	−1.6	3.70
Do. Acc.	134.6	143.1	−2.0	3.70
G.T. Inc. Fd. Un.	166.6	177.2	−2.3	9.10
G.T. U.S. & Gen.	132.4	140.8	−3.0	2.70
G.T. Japan & Gen.	76.4	80.4xd	−0.1	3.10
♦Gt. Pens. Ex. Fd.	221.0	232.0		5.20
G.T. Int'l. Fund	150.9	160.5	−2.2	2.60
G.T. Four Yds. Fd.	54.4	57.8		7.80
G.T. Far East & Gen.	47.0	50.5	+0.7	2.80

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.6	39.1	−0.5	4.94

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	24.0	25.8	−0.8	2.12
British Tst. (Acc.)	66.2	71.2	−0.8	3.76
Commodity Share	31.9	34.3	−0.2	3.31
Extra Income Tst.	24.2	26.0	−0.2	9.09
Far East Trust	32.5	35.0xd	−0.1	3.33
High Income Tst.	59.1	63.6	−0.4	9.33
Income Fund	78.3	84.2	−0.8	6.92

INSURANCE & PROPERTY FUNDS

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LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or –	Int.	Red. Yield
103¾	98¼	FFI 13pc 1981	98½	......	13.18	14.16
108¼	98¾	Do. 14pc '83	101½	......	13.79	13.47
86½	77½	ICFC 5½pc Deb. '80-82	83½	......	6.59	12.50
85	71½	Do. 6¼pcDb. '81-84	78¾	......	8.27	13.60
99	84½	Do. 10½pc Uns.Ln. '86	92	......	11.79	13.18
99	84½	Do. 11pc Uns.Ln. '88	93	......	12.23	12.80
101½	84	Do. 11¼pc Uns.Ln. '90	96	......	12.63	13.00
72½	57	Do. 7¾pcADeb. '89-92	66	......	11.49	13.20
69	53½	Do. 7¾pcA Db. '91-94	62½	......	11.73	13.15
81½	64½	Do.9pc'A' '91-94	73½	......	12.35	13.20
78½	62½	Do.8⅞pcLn. '92-97	71½	......	12.73	13.20
102	95½	Do. 12½pc. Uns.Ln.1992	96	......	13.94	14.38

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 8¾% (based on US$2.1527 per £)

Conversion factor 0.9180 (0.9131)

CANADIANS

S.E. List Premium 8¾% (based on $2.5909 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Gr's	P/E
224	122	Com'l Aus. ($A1)	144m	–4	Q18c	Φ	6.4	Φ
£173¼	930	Com'zbk DM 10	£18¼	......	Q26.6%	—	6.6	—
£18½	900	C'hgn.Hbk.Kr100	900	......	Q12%	—	12.4	—
41	29	Corinthian 10p	32	–1	†1.05	5.9	4.7	3.7
£24¼	£15	Cred. France F75	£18	......	Q9.87%	—	3.6	—
16	11	Dawes (G. R.)	11	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£68m	......	Q28.12%	—	5.4	—
90	58	F. C. Finance	67xd	......	2.2	4.9	4.7	6.2
8¼	5¼	First Nat. 10p	7½	......	—	—	—	0.5
4	2	Do. Wrrts. 75-83	3	......	—	—	—	—
266	178	Gerrard Natnl.	244	–10	9.12	—	5.3	—
62	39	Gibbs (A.)	50	–1	2.2	—	6.3	—
270	217	Gillett Bros. £1	218	......	†16.95	—	11.1	—

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FINANCE, LAND—Continued

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	13	......	—	—	—
16	4	ACM 20c.	10	......	—	—	—
82	50	Bond Corp.	65	+3	Q3.75	ϕ	3.0
171	100	Bougainville 50 Toea	121	−4	†Q15c	1.0	6.5
208	84	BH South 50c.	199	+1	←	—	—
900	340	Central Pacific	730	......	—	—	—
318	170	Conzinc Riotinto 50c.	198	−7	NQ10c	2.0	2.6
36	15	Cultus Pacific N.L.	15	......	—	—	—
32	5	Eagle Corp. 10c.	24	......	—	—	—
21½	11	Endeavour 20c.	16½	−1	—	—	—
165	62	G. M. Kalgoorlie 25c	144	−2	Q3c	ϕ	1.2
305	148	Hampton Areas 5p.	260	......	3.5	2.8	1.9
71½	25	Metals Ex. 50c.	51	......	—	—	—
220	134	M.I.M. Hldgs. 50c.	174xc	−3	NQ13.5c	ϕ	4.1
25	15	Minefields Expl.	25	......	—	—	—
78	30	Mount Lyell 25c.	62	−2	—	—	—
44	14	Newmetal 20c.	25	......	—	—	—
160	91	North B. Hill 50c.	148	−7	Q12c	ϕ	4.2
41	11	Nth. Kalgurli	30	−2	—	—	—
83	45	Nth. Mining Corp.	64	−1	—	—	—
137	76	Oakbridge $A1	107	−1	Q12c	ϕ	5.9
87	22	Oilmin N.L.	75	+1	—	—	—
120	58	Pacific Copper	94	......	—	—	—
£10¾	625	Pancont'l 25c.	775	−25	—	—	—
37	15½	Paringa M&Ex. 5p	31	......	—	—	—
450	248½	Peko-Wallsend 50c.	395	−5	†Q27.5c	ϕ	2.3
360	145	Southern Pacific	300	−5	—	—	—
36	11	Swan Resources 20c.	30	......	—	—	—
16	12	West Coast 25c.	13	......	—	—	—
205	121	Westn. Mining 50c.	183	−3	Q7c	ϕ	2.1
11	8	Westmex	9	......	—	—	—
70	50	Whim Creek 20c.	65	+10	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.61	1.3	14.9
435	265	Ayer Hitam $M1	345	......	Q290c	ϕ	20.2
72	49	Beralt Tin	54	......	†4.5	3.3	11.9
270	175	Berjuntai $M1	185	......	Q95c	1.0	11.9
190	125	Geevor	170	......	8.71	3.1	7.3
10½	8	Gold & Base 12½p	10	......	—	—	—
365	295	Gopeng Cons.	345	......	†18.0	1.4	7.5
370	295	Hongkong	320	......	†12.5	2.5	5.6
98	64	Idris 10p	90	......	†8.0	1.6	12.7
14	9½	Jantar 12½p	12	......	←	—	—
95	58	Kamunting $M0.50	75	......	Q47½c	1.1	14.2
620	210	Killinghall $M1	320xd	......	Z065c	—	—
530	365	Malay Dredging $M1	505	......	†175c	0.7	7.8
57	28	▵Pahang	32	......	—	—	—
123	60	Pengkalen 10p	120	......	4.5	1.2	5.6
275	195	Petaling $M1	245	......	†Q130c	1.3	10.5
87	62	Saint Piran	74	......	†2.03	6.5	3.9
58	34	South Crofty 10p	45	......	3.0	2.0	9.5
230	170	South Kinta $M0.50	205	+5	Q150c	1.0	16.4
430	265	Sthn Malayan $M1	405	......	†Q190c	1.0	10.1
310	210	Sungei Besi $M1	240	......	Q520c	1.0	48.8
75	40	Supreme Corp $M1	45	......	Z010c	—	4.8
105	93	Tanjong 15p	93	......	7.5	0.7	11.5
115	90	Tongkah H. Tin	105	......	†Q24c	0.7	5.1
280	190	Tronoh $M1	225xd	......	†Q25c	5.2	2.5

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	56	Messina R0.50	104	−5	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	64	−4	—	—	—
14½	10	Burma Mines 17½p	13½	......	—	—	—
365	170	Cons. Murch. 10c.	305	−12	Z030c	—	5.0
440	290	Northgate C$1	320	−15	—	—	—
362	226	R.T.Z.	299	−9	†11.5	3.4	5.6
31	18	Robert Mines	20	......	—	—	—
65	30	Sabina Inds. C$1	36	−1	—	—	—
880	525	Tara Expln. $1	555	−20	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$24	$10½	Buffels R1	$20⅝	−⅛	Q200c	2.3	11.9
$18⅞	890c	East Drie R1	$16½	−⅛	†Q115c	1.6	8.4
$12¼	350c	East Rand Prp. R1	$11	+¼	†Q10c	—	1.1
$39	$18¼	F.S. Geduld 50c.	$34¼	−¼	†Q325c	2.4	11.1
$27¼	$11⅛	Pres. Brand 50c.	$24¾	......	†Q150c	3.2	7.4
$28	$10¼	St. Helena R1	$22¼xd	+¼	Q300c	ϕ	16.3
$11½	407c	Stilfontein 50c.	990c	+15	†Q66c	1.7	8.1
$44¼	$18¼	Vaal Reefs 50c.	$38¾	−¼	†Q280c	2.7	9.2
$63	$28¾	West Drie R1	$54	−½	Q615c	1.3	0.6
$49	$22¼	West Hldgs. 50c.	$42¾	......	†Q415c	1.4	11.8
$25⅝	$10⅜	Western Deep R2	$21¾	+⅛	†Q147½c	2.1	0.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or EEC currencies are quoted inclusive of the investment dollar premium.

- ▵ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; x£ ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	27	......	Sindall (Wm.)	175	......
Bertam	18	......	IRISH		
Bdg'wtr. Est. 50p	430	−5	Conv. 9% '80/82	£85⅞	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71¾	......
Craig & Rose £1	£10½	......	Fin. 13% 97/02	£79⅞	+½
Dyson (R. A.) A	28	......	Alliance Gas	62	......
Ellis & McHdy	180	......	Arnott	380	......
Fife Forge	48	......	Carroll (P.J.)	54	+1
Finlay Pkg. 5p	19½xd	......	Clondalkin	85xd	......

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Financial Times Wednesday October 17 1979

EEC pressures France over lamb imports

BY MARGARET VAN HATTEM IN LUXEMBOURG

BRITAIN WON the support of seven of its EEC partners and of the EEC Commission here yesterday in its dispute with France over lamb and mutton imports. The Council of Ministers put heavy pressure on France to remove illegal controls on British lamb and mutton shipments within the next two weeks.

The Council has agreed to hold a special meeting on October 29 to discuss Commission proposals for including lamb and mutton in the Common Agricultural Policy. But Ministers made it clear they expect France to remove its import controls before that meeting, in accordance with a European Court ruling three weeks ago that the curbs violate EEC rules.

Earlier, Mr. Peter Walker, the UK Agriculture Minister, attacked the French authorities' rejection of a cargo of British lamb carcases on Monday. It was "intolerable and unacceptable" that France should continue to defy the court, he said. Such action could provoke a major political crisis, undermining the authority both of the Commission and of the Council of Ministers.

M. Pierre Mehaignerie, the French Minister, replied that France intended to obey the Court as soon as the Council had agreed on a common market for lamb and mutton. The French are hoping, despite strong British and German opposition, that their high priced lamb market will be protected against cheap British imports.

However, Mr. Finn Olav Gundelach, the Farm Commissioner, categorically rejected the suggestion that import curbs and lamb and mutton market negotiations should be linked, and called on France to obey the Court promptly.

French sources suggested that *France is hoping for a month's grace*, after which seasonal trends are expected to lessen the impact on the French market of British imports.

However, in view of the pressure at yesterday's Council, France might remove the curbs before the end of the month.

Diplomats observing the Council expressed surprise at France's defiance of the Court ruling. Its position has undermined its attacks on Britain over fishing policy—currently the subject of court proceedings. They pointed out that Britain may have violated EEC rules, but it has not openly defied the Court. French representations on the matter, after defying a Court order for three weeks, were unlikely to carry much weight.

Terry Dodsworth writes from Paris: M. Joel Le Theule, French Transport Minister, has called in Sir Reginald Hibbert, British Ambassador to France, to discuss the deepening crisis over fishing rights in the Channel, according to a statement from the Ministry last night.

The meeting comes after the arrest yesterday of another French trawler, the Mousse Bihen Couz, by a British naval patrol vessel off Milford Haven.

After the arrest, the French Transport Ministry, which is responsible for fishing policy, issued a statement saying that French representatives in both London and Brussels would also protest against British action "contrary to the rules governing community waters."

The British Embassy, however, said that the meeting in Paris, which will take place today, was arranged earlier in the week.

Recent arrests after similar incidents have resulted in the French authorities paying fines.

John Cherrington Page 36

Community may curb petrochemical imports

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission is considering measures to stem the flood of U.S. man-made fibres and petro-chemical feedstocks into the European Economic Community.

The upsurge of these exports in recent months has resulted from the Carter Administration's price controls on oil and gas and has been accentuated by the fall of the U.S. dollar. It has already been the subject of strong political representations from EEC member *governments and from the commission*.

The steps now under scrutiny in Brussels could involve special duties—amounting in certain cases to 30 per cent—being imposed unilaterally by the EEC on a range of petrochemicals produced by the U.S. at about two-thirds of European costs.

The UK and Italy have so far suffered the heaviest inroads. Low cost U.S. polyester and acrylic fibres have captured major shares of their domestic markets.

The European chemicals industry is also apprehensive about a further wave of U.S. petrochemical exports. It has recently recorded increased sales of U.S. intermediates for plastic products, such as acetic acid and vinyl acetate monomer.

The plan for countering the U.S. sales boom has been drawn up by EEC man-made fibre producers of the Paris-based Comite Internationale du Rayon et du Fibre Synthetique in association with the Brussels-based Confédération Européene des Fédérations des Industries Chimiques.

It consists of a two-pronged attack that would take advantage of EEC anti-dumping legislation and a hitherto unused section of the General Agreement on Tariffs and Trade.

The commission is believed to be reluctant to adopt measures that could trigger a trade war with the U.S. But the industrial interests that have proposed the plan are understood to have won the backing of the British, Italian and French governments.

Italy's man-made fibre *producers have lost ground heavily* to U.S. sales of acrylic fibres. A commission dumping investigation launched against American Cyanamide last August at the Italian industry's request will soon be reinforced by an Italian Government demand for provisional 20 per cent anti-dumping duties.

The possibility of similar action against Dow-Badische, a U.S.-West German joint venture linking Dow Chemical and BASF, is also being studied.

In the UK, sales of U.S.-produced polyester textile filament yarn now represent a major challenge to ICI, which dominates the polyester sector. The U.S. share of the market has grown to 19 per cent by volume from 4 per cent in the first half of last year.

Nylon carpet yarns have made similar gains. ICI calculates that U.S. producers' "unfair advantage" from the U.S.'s two-tier oil price is 10 to 15 per cent. While no specific dumping complaint has yet been made, the Paris-based industry committee is co-operating with ICI on a price study of feedstock produced in the Caribbean by a leading U.S. oil company.

The most controversial element in the plan pushed by the European producers is the use of Article 20 (1) of the GATT to impose countervailing duties of up to 10 per cent on U.S. petrochemicals.

Although unused to date, this singles out increased exports of materials "during periods when the domestic price of such materials is held below the world price as part of a governmental stabilisation plan."

The Paris committee is also urging that the EEC member countries should request establishment of a special GATT committee in Geneva as a forum for EEC-U.S. negotiations on the petrochemical price problem. To add weight to the EEC position, the committee is demanding that the temporary duty of 10 per cent should remain pending the *outcome of negotiations.*

Weather

UK TODAY

MOSTLY dry. Brighter after gradual clearance of fog and low cloud.

London, S.E., E. Anglia, Cent. S. England, Midlands, Channel Isles

Dull at first. Sunny intervals after fog clears. Max. 16C (61F).

Cent. N. England, N.E. England

Fog patches at first. Brighter later. Max. 15C (59F).

S.W. England, Wales, N.W. England

Sunny intervals. Max. 16C (61F).

Borders, Edinburgh and Dundee, *Aberdeen, S.W. Scotland*

Sunny intervals. Scattered showers. Max. 13C (55F).

Rest of Scotland

Becoming cloudy with rain later. Max. 13C (55F).

Outlook: Cold with widespread overnight fog over England and Wales. Occasional rain in Scotland and Ulster.

WORLDWIDE

		Y'day midday °C	°F			midday Y'day °C	°F
Ajaccio	F	24	75	Lisbon	F	18	64
Algiers	F	31	88	Locarno	R	13	55
Amsdm.	F	13	55	London	S	15	59
Athens	F	27	81	Luxmb.	F	10	50
Bahrain	S	34	91	Madrid	F	13	55
Barclna.	C	16	61	Majorca	F	20	68
Beirut	S	27	81	Malaga	S	19	66
Belfast	F	12	54	Malta	S	30	86
Belgrd.	S	28	82	M'chstr.	C	13	55
Berlin	F	16	61	Melbne.	C	13	55
Biarritz	F	19	66	Milan	R	15	59
Bmghm.	C	12	54	Mntreal.	S	5	41
Blackpl.	F	14	57	Moscow	S	18	64
Bordx.	F	20	68	Munich	F	16	61
Boulgn.	C	14	57	Nairobi	R	23	73
Bristol	C	11	52	Naples	F	25	77
Brussels	F	14	57	Nwcstl.	C	10	50
B. Aires	S	17	64	N. York	S	14	57
Cairo	S	30	86	Nice	C	18	64
Cardiff	C	11	52	Nicosia	S	27	81
Cas'b'ca	C	21	70	Oporto	S	18	64
Cape T.	S	20	68	Oslo	R	8	46
Chicago	C	13	55	Paris	F	14	57
Cologne	F	13	55	Perth	S	19	66
Cpnhgn.	F	14	57	Prague	F	13	55
Dublin	C	12	54	Reykjvk.	S	3	37
Dbrvnk.	S	24	75	Rhodes	S	29	84
Ednbgh.	C	10	50	Rio J'o	C	29	84
Faro	F	19	66	Rome	S	25	77
Florence	C	24	75	Salzbrg.	F	18	64
Frankft.	R	21	70	Singapr.	S	31	88
Funchal	F	21	70	Stckhm.	R	11	52
Geneva	C	13	55	Strasb.	S	18	64
Gibrltr.	F	20	68	Sydney	R	15	59
Glasgow	C	11	52	Tehran	S	21	72
G'nsey	S	16	61	Tel Aviv	S	27	81
Helsinki	C	11	52	Tenerife	R	16	61
H. Kong	S	26	80	Tokyo	S	22	73
Innsbrk.	F	20	68	Toronto	S	7	43
Invrnss.	F	10	50	Valencia	F	18	64
I.o.Man	S	13	55	Venice	F	19	66
Istanbul	S	22	72	Vienna	S	23	73
Jersey	S	16	61	Warsaw	S	21	70
Jo'burg	C	16	61	Zurich	F	13	55

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

State industry heads must curb rises

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

NATIONALISED INDUSTRY chairman will be told soon by the Government that they should plan for wage rises this winter well below the 17½ per cent increase expected in the retail price index by the end of the year.

This follows letters by some Ministers to nationalised industry chairmen last week giving the impression that the increase in the index to the end of the year was to be taken as a bench mark for the industries' cash limits for 1980-81.

Ministers now stress that they had meant their letters, based on a central Treasury draft, to refer to the retail price index forecasts for the 1980-81 period of the cash limit's themselves.

This would involve pay bill increases nearer 12 per cent than the 17½ per cent figure *gaining ground* in recent days.

The significance of this is that the Government wants to use the cash limit exercise to focus wage negotiators' attention on the expected falling rate of the retail price index next year instead of agreeing to settle for pay rises in line with past price increases.

The letters that caused the confusion have been sent out by the Ministers heading the Departments of Industry and Transport and the Scottish Office to chairmen of industries such as the Post Office, shipbuilding, aerospace and British Rail.

Mr. David Howell, the Energy Secretary, is seeing the chairmen of industries such as coal and electricity instead of writing to them, and will give the latest *interpretation* of the figures.

The letters say that in order for real costs per unit of output to fall "each industry's pay bill in terms of unit labour costs should go up by less than the forecast increase in the retail price index."

This has been criticised by some chairmen because it does not distinguish sufficiently between the pay bill and unit labour costs.

The chairmen have also said it could be referring to the increase in the index to the end of this year, when wage bargaining will begin, or to the end of the present financial year next April: or as Ministers now insist they intended, to the considerably lower forecasts for the full 1980-81 year.

Feature, Page 21

NEB chief hits at Rolls-Royce demands for aid

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SIMMERING row over the future state funding of Rolls-Royce's extensive aero-engine programme came into the open yesterday when *Sir Leslie Murphy*, chairman of the National Enterprise Board, said the company ought to adopt a "more stringent application of financial disciplines."

The NEB has rejected Rolls-Royce demands for state aid exceeding £500m over the next five years, and yesterday Sir Leslie said that a "change of emphasis" was now needed in the running of the company.

This *latest stage in a long-running feud* between Sir Leslie and Sir Kenneth Keith, chairman of Rolls-Royce, emerged yesterday when Sir Leslie launched his board's half-yearly results.

These showed that the NEB's profits dropped in the first half of this year from £23.1m in the comparable 1978/79 period to £20.4m before taking account of tax and extraordinary items.

The board's future financial performance wil depend on how it disposes of some of its holdings in companies to raise £100m called for by the Treasury as part of the Government's £1bn sale of public sector assets.

Sir Leslie said yesterday that he would not go ahead with any major sales until legal and other matters about the NEB's functions had been cleared up.

The problems of Rolls-Royce, which is an NEB subsidiary, arise originally from its extensive aero-engine development programme. They have been worsened recently by the rise of sterling against the dollar and by the engineering strike.

Sir Leslie made it clear, however, that he felt it was time for the company, which has been state-owned for nearly nine years, to learn that "it isn't any good it thinking it can always hold out its hand and *get more money* from the public."

The company's profitability record was "unsatisfactory" and the NEB's view was that "a change of emphasis is now needed in order that the company can take full commercial advantage of its market position by making sufficient profits on its sales to sustain its business in the future."

The final outcome of the tussle between Rolls-Royce and the NEB will be known later this year. By then Sir Keith Joseph, the *Industry Secretary*, will become involved and will be presented with the company's corporate plan.

Meanwhile, Sir Leslie has told the Government that the NEB feels bound by the existing Industry Act not to sell off any of its major holdings like ICL, Ferranti and Fairey until its terms of reference have been changed in new operating guidelines and financial duties.

It may also refuse to sell any companies against its own commercial judgment until its statutory duties have been amended by the Government's planned Industry Act. This will be published as a Bill soon, possibly next week, but will take some months to pass through Parliament and become law.

NEB profit details, Page 26

BL could not survive in its present form if the workforce rejected the company's plan for 25,000 redundancies, said Sir Leslie Murphy, chairman of the National Enterprise Board. Page 9

AUEW executive calls for Chrysler return

BY NICK GARNETT, LABOUR STAFF

THE EXECUTIVE of the amalgamated Union of Engineering Workers decided yesterday to go over the heads of shop stewards and recommend strikers at Chrysler's Stoke engine plant in Coventry to return to work.

Union officials are also seeking a meeting with Vauxhall Motors' management to discuss the strike at the company's *Ellesmere Port plant, Merseyside*, which has halted output there for six weeks and severely dislocated production at other Vauxhall factories.

The decision of the engineering union executive on the Chrysler dispute was made a unanimous vote by Stoke shop stewards on Monday to urge the 3,100 workers at a mass meeting tomorrow to continue their 15-week strike.

Mr. Ken Cure, the union's Midlands executive member, will address tomorrow's meeting and advise the strikers that *they should return to work* on the pay and conditions terms offered by the company.

The shop stewards' vote was made in spite of an acceptance by union negotiators that the company will not be induced to improve the offer. National union officials believe that the strike will put the future of the plant in jeopardy unless it ends fairly soon.

The dispute at Stoke, which supplies engines and components for much of the Chrysler UK operation, has halted production at Linwood, Scotland and disrupted truck production at Dunstable.

Management at Chrysler, now owned by Peugeot-Citroen, has made no real concessions since offering the workforce 5½ per cent and a productivity deal in reply to a 20 per cent claim. Workers at the Ryton assembly plant in Coventry voted last week to end their 14-week strike.

Continued from Page 1

Thorn offer

At the core of Thorn's *strategy is its intention* to market EMI's music, film and television "software," record, cassetts or video tape form, beside its own "hardware": televisions, video recorders and music centres. The company also wants to prepare itself for the next stage of the technology, video discs.

Sir Richard said yesterday that Thorn's international strength on the television rental business would be complemented by EMI's in records, film and television programmes.

"Our rental shops are under-utilised in terms of throughput: here is the chance to make them really productive."

At the same time, Thorn's public commitment to acquiring more expertise in advanced technology will be at least partly satisfied by the acquisition of EMI's defence electronics division. Defence *electronics is typically an area in* which new breakthrough in electronics are pioneered, and then recycled in civil and consumer electronics.

Thorn will also retain EMI's extensive leisure interests, including cinemas, bingo and dance halls, restaurants and hotels, although it expects that to remain largely separate from the main electronics divisions.

*Taken together, the two com*panies would, on current form, have sales exceeding £2bn a year, making one of Europe's largest electronic groups.

In its spread of interest, although not in size, it would resemble the giant Dutch electronics company, Philips, which has a large record division, is strong in consumer electronics and domestic appliances and has a large defence division.

Continued from Page 1

Times' future

however difficult, are going badly.

Management and officials of the NGA, in their third day of talks, were tryin gto hammer out agreements on manning, discipline and pay for NGA men in the machine room, the foundry and the composing department.

If those negotiations fail, the company will consider a number of options tomorrow. Sale of the titles has been specifically ruled out, while permanent closure has never been officially confirmed as an option.

The most favoured course appears to be to dismiss most of the remaining staff, including journalists, still on the payroll, but to retain a handful of writers and managers to keep the titles alive while ways of resurrecting the papers—perhaps a year from now—are discussed.

Last night Mr. Duke Hussey, chief executive of Times Newspapers, wrote to the leaders of the seven unions asking them to be available on Friday if necessary to hear the company's intentions "with regard to the employment of staff."

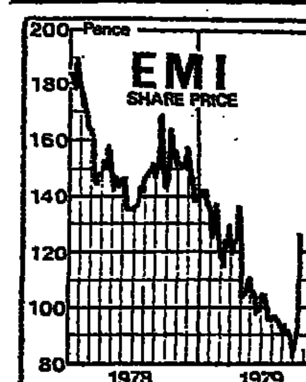
THE LEX COLUMN

Hazardous plunge for Thorn

The decision of the Government to reveal the size of the forthcoming BP offer—which *will be only about half* the figure originally indicated at the time of the Budget in June—was evidently designed to get the price up before the underwriting process begins. It certainly had a big impact, with the share price shooting up 30p, or 9 per cent, on the news to 363p. At this level 5 per cent of BP is valued at £280m.

That can be absorbed by the market easily enough. But yesterday Cazenove reached the limit of the market's capacity for Standard Chartered shares. After two rights issues and at least one other large placing in recent years, Cazenove could find buyers for only £47m out of the £64m Midland holding.

Index rose 4.5 to 472.5



Thorn/EMI

The response of the stock market to Thorn's offer for EMI was to knock £53m—about 9 per cent—off the former's market capitalisation and to add £35m to the market value of EMI, which finished 32p up at 127p, around 3p below the effective value of the seven-for-twenty all-equity terms. This snap conclusion that two plus two equals something less than four reflects the value that Thorn's shareholders have placed on its safe, solid stream of earnings from TV rental. Around 60 per cent of its profits come from the consumer electronics side. Now the group is plunging into the hazardous world of music and the EMI scanner, and is adding some 28 per cent to its equity in the process.

It seems likely that Thorn, with a queue of others, has been nibbling at EMI's most *attractive single business*—business—defence electronics—with a view to plugging an obvious gap in its own industrial coverage. But the price would have been high, Thorn could not have been sure of getting it, and so has decided to take the calculated risk of going for the whole of EMI.

It might have wished for beter timing. Already Thorn is involved in complex takeover moves in the U.S. and in France, while its domestic TV rental business is entering one of its periodic phases of cash flow deficit. Given that EMI will bring with it a heavy debt burden—some £136m net on June 30, and rising—Thorn's reasons for being generous with its equity are clear. Yet bearing in mind that the total net debt of Thorn was only £37m last March against net worth of over £400m, the prospective level of gearing dose not represent a major problem.

Thorn's story that it is looking for software to match its own hardware is flimsy, to say the least. It must be assumed that it has bigger plans to sell off EMI's assets than it is prepared to disclose at this stage. Meanwhile the EMI Board will find it hard to defend itself on its record. But it can still, perhaps, hope to put forward an alternative package of disposals and rationalisation.

Charter

Charter Consolidated's proposed reconstruction is extremely complicated — and rather uninspiring. It amounts to a substantial shuffling of paper within the Anglo American group, and at the end of it all Charter's *raison d'être* is still not obvious.

In essence, Charter is swapping one assortment of assets for another. Out go its holdings in Anglo American Investment Trust and Anglo American Corporation (together worth £102m) as well as some smaller investments valued at £25m. In come other equity holdings—notably a 28 per cent stake in Johnson Matthey—worth £31m along with nearly £40m of cash. In addition, Charter shareholders will receive directly underwritten shares in Minorco worth £56m.

So Charter will end up with a strong balance sheet and its financial flexibility will be further increased by the fact that Anglo American is taking on responsibility for the costly Cleveland Potash venture. Charter will have more management influence over its portfolio investments than has been the case in the past, and the discount to net worth should be reduced by passing the new Minorco shares directly through to shareholders. There is also a *modest dividend sweetener.*

But there are drawbacks. Charter is swapping dividend income for associated company income with, presumably, adverse implications for cash flow. The quality of Charter's assets will change in other respects, too, and the record inspires little confidence in its management's ability to take advantage of its new found freedom. In the short term, the scheme will probably do shareholders a bit of good and the shares should open modestly above the 174p suspension price. But for the longer term, Charter seems set to become nothing more than a rather dull industrial holding company. It seems a *pity* that the proposals are not more radical.

Marks and Spencer

Having grown by a third in 1978-79, Marks and Spencer's UK profits rose by a mere 1.8 per cent in the first half of the current year and non-food sales (two thirds of its UK turnover) rose by just 9 per cent. Because of some improvement in the overseas operations, group pre-tax profits are 5 per cent up at £76.9m. Nevertheless the performance is decidedly disappointing and *only serves to* underline why the group is so anxious to get its UK volume moving again by way of its highly publicised "anti-inflation drive" (otherwise known as price cutting).

The combination of higher VAT, increased prices and unseasonable summer weather clearly hit the group hard, especially in the second quarter, and there appears to have been no volume growth on the clothing side during the period. In addition, Marks brought forward its salary increase and net margins in the UK fell by a full percentage point.

The interim dividend has been lifted by 30 per cent and the group "expects good increases in sales and profits during the second six months." As the final quarter of 1978-79 was hit by poor weather there should be scope for some recovery there, and Marks is clearly hoping that the combination of its price cuts plus the tax rebates will do the trick and push its UK clothing volume up by close to a tenth. Consequently, pre-tax profits for the full year could rise from £161.6m to £178m. At 100p the shares yield 4.9 per cent and *sell at 15 times prospective earnings.*

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